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Globalization and interdependence: role of the United Nations in promoting development in the context of globalization and interdependence

Globalization and interdependence: sustained, inclusive and equitable economic growth for a fair and more equitable globalization for all, including job creation

Report of the Secretary-General

Summary

The present report was prepared pursuant to General Assembly resolution 65/168. It reviews globalization in the wake of the global financial and economic crisis. It addresses economic growth and policies to make growth more sustained, inclusive and equitable in the broader context of globalization. The report links these matters with the goals of full employment and decent work, examining the issues of sustained, inclusive and equitable economic growth and job creation in the broader context of globalization, particularly with respect to achieving a fairer and more equitable globalization for all.

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I. Introduction

1. Globalization has been defined in various ways over the years. Generally, it involves economic integration — the transfer of policies across borders and the transmission of knowledge. The Organization for Economic Cooperation and Development (OECD) defines globalization as a phenomenon of "increasing interdependence of markets and production in different countries through trade in goods and services, cross-border flows of capital, and exchanges of technology".[1] The International Monetary Fund (IMF) uses a similar definition: "Globalization refers to the growing economic interdependence of countries worldwide through the increasing volume and variety of cross-border transactions in goods and services and of international capital flows, and also through the more rapid and widespread diffusion of technology".[2]

2. Globalization, measured in terms of movements of goods and services, including finance, has deepened over recent decades. Increased communications, driven by new information and communications technology (ICT), and technological progress in general have paralleled and further deepened these economic trends. While this has brought a large array of new opportunities and benefits, the increased interdependence that has accompanied these movements has left countries and their populations more vulnerable to external shocks and economic insecurity. Globalization has also been accompanied by rising inequality both within and among countries.

3. Of particular importance is the globalization of finance, or financial globalization, with the progressive dismantling of controls over cross-border flows of capital usually complementing domestic financial sector deregulation. This has integrated domestic financial systems with international financial markets and institutions. Financial globalization was supposed to move capital from developed countries to developing countries (from the "capital rich" to the "capital poor"), lower the costs of capital — together increasing the availability of cheaper credit — and reduce the instability and volatility of their financial systems.

4. However, the experience of the past two decades has raised significant doubts about the alleged benefits of financial globalization, as the world has witnessed net capital flows from developing countries to developed countries and more frequent financial crises with increased intensity, while the lower costs of capital cannot be clearly attributed to financial globalization. The crises in Scandinavia in the early 1990s, Asia and the Russian Federation in 1997-1998, Brazil in 1999, Ecuador in 2000, Argentina and Turkey in 2001 and Uruguay in 2002 are associated with financial globalization. More extreme boom-bust cycles have greatly reduced earlier income gains as financial crises have increased poverty.[3]

[1] Marcos Bonturi and Kiichiro Fukasaku, "Globalisation and intra-firm trade: an empirical note", OECD Economic Studies No. 20 (Paris, Organization for Economic Cooperation and Development, Spring 1993), p. 146.

[2] International Monetary Fund, *World Economic Outlook* (Washington, D.C., May 1997), chap. III, p. 45.

[3] Ekkehard Ernst and Verónica Escudero, "The effects of financial globalization on global imbalances, employment and inequality", Discussion paper DP/191/2008 (Geneva, International Labour Organization, International Institute for Labour Studies, 2008).

5. The substantial drop in global economic growth, triggered by the recent global financial and economic crisis and recession, is also attributable to financial globalization. The rapid spread of the economic downturn from the epicentre to the periphery, through reduced trade and reversed financial flows and reflected in consequent increases in unemployment and poverty, is a dramatic reminder of increased vulnerability due to greater economic integration due to globalization.

6. Thus, while achieving high, sustained rates of economic growth itself is difficult, globalization can make it even more challenging. The policy underpinnings of sustained, high growth should create an environment for high levels of investment and job creation, as well as social protection, inclusiveness and equity. Equally important is an enabling international environment conducive to growth in developing countries.

7. Pursuant to General Assembly resolution 65/168, the present report addresses the global financial and economic crisis from a recent historical perspective; developments in globalization, particularly since the economic crisis of 2008-2009, the themes of sustained, inclusive and equitable growth, job creation and decent work in the context of globalization, and actions and policies to move towards a fairer and more equitable globalization for all. The report concludes with recommendations.

II. The global financial and economic crisis in recent historical perspective

8. During 2008-2009, the world suffered the worst financial and economic crisis since the Great Depression of the 1930s. This occurred when the world, particularly developing countries, was still reeling under the impacts of sharp rises in food and energy prices. Although a deeper and prolonged global recession was averted by unprecedented, large coordinated stimulus measures by major countries, several countries are still coping with its after-effects.

9. While it is too soon to quantify with much accuracy the full impact of the crisis on the achievement of the Millennium Development Goals and on many social outcomes, the crisis has almost certainly contributed to rising unemployment in developed countries and more vulnerable employment in developing countries. At least 30 million jobs were lost worldwide between 2007 and the end of 2009 as a result of the global crisis, resulting in an estimated 212 million jobless people in 2009, up from the 178 million people unemployed in 2007. Vulnerable employment may have increased by up to 110 million people between 2008 and 2009, raising the total number from 1.5 billion to 1.6 billion. There has also been a sharp rise in the working poor — people earning less than the $1.25 a day international poverty line. Youth unemployment has also increased substantially in most countries, while job insecurity is definitely on the rise in most of the world.[4]

10. Over the past three decades, the frequency and severity of financial crises seem to have worsened, usually preceded by large capital movements, rising

[4] *Report on the World Social Situation 2011: The Global Social Crisis* (United Nations publication, Sales No. E.10.IV.12).

commodity prices and interest rate hikes.[5] On average, it takes two years for output and 4.8 years for employment to recover to pre-crisis levels. The "jobless" recovery currently faced by the developed countries is also not uncommon in the recent history of business cycles. Since the 1950s, however, the time needed for employment levels to recover to pre-recession levels in developed countries has become successively longer.

11. Much of this instability appears to be associated with the movement of private capital flows. History since the Second World War has witnessed three generalized economic boom-bust cycles in private capital flows to developing and emerging economies with severe setbacks to development, where periods of growth have alternated with prolonged periods of volatility and stagnation. The first boom-bust cycle started in the late 1970s and ended with the debt crisis, mainly in Latin America, in the early 1980s. The second boom started in the early 1990s and was followed by a series of balance-of-payments and debt crises in East Asia, Latin America and elsewhere. The third cycle started in the early years of the new millennium and ended in the second half of 2008 with the financial crisis.

12. Since the debt crisis of the early 1980s, a combination of tight macroeconomic policies, privatization, rapid liberalization and deregulation — the so-called "Washington Consensus" — was presented to developing countries as a one size fits all policy basis on which to build a healthy economy and investment climate. Government-sponsored social programmes were diminished in favour of privatization and fiscal discipline. The macroeconomic improvements, however, did not result in sustained high economic growth. Rather, the spread of economic liberalization and fiscal consolidation programmes resulted in a significant shrinkage of policy space in developing countries. This lessened their ability to control rapid private capital flow reversals, with substantial amounts of capital withdrawn from the country in a very short period of time, or to counter the resulting financial turmoil and economic contraction, and to implement counter-cyclical financial and macroeconomic policies. The accompanying advance of deregulated financial globalization and the pro-cyclical nature of private capital flows also enhanced the risk of financial crises, experienced by many emerging market economies during the 1990s and 2000s.[6]

13. Although there has been increased emphasis on effective social policies and well-functioning institutions to combat widespread poverty, ensure adequate provision of health care and education and address social exclusion since the United Nations Millennium Declaration in 2000, further measures since the late 1990s continued to liberalize financial sectors worldwide. While there are advantages to be derived from financial liberalization, developing countries have witnessed significant risks associated with macroeconomic instability and financial volatility stemming from asset bubbles, excessive risk-taking, financial imbalances and rapid withdrawal of private capital. The increasingly globalized world has yet to solve problems of financial volatility, economic instability and boom-bust cycles associated with unrestricted private capital flows, as well as the negative impacts of recurring financial crises.

[5] Carmen Reinhart and Kenneth Rogoff, "The aftermath of financial crises", Working paper No. 146546 (Cambridge, Massachusetts, National Bureau of Economic Research, January 2009).

[6] *Report on the World Social Situation 2010: Rethinking Poverty* (United Nations publication, Sales No. E.09.IV.10).

III. New and emerging developments in globalization[7]

14. In the current aftermath of the global financial and economic crisis, one key question is whether the globalization trends will be the same or different compared with pre-crisis trends, and if they will be transient, permanent or an accentuation of pre-crisis levels. While it is still too early to come to any definitive conclusions about the nature of the trends since the crisis, it is useful to present a preliminary examination of some new and emerging developments.

Economic growth

15. The rapid global economic downturn of 2008-2009 severely disrupted economic growth worldwide and caused significant setbacks in the progress made towards achieving the Millennium Development Goals. The annual growth rate in global output fell from about 4 per cent during the period 2006-2007, to 1.6 per cent in 2008; the rate of growth in output dropped even further in 2009 to minus 2 per cent, with 95 countries experiencing declines in average per capita income.

16. The world economy has been recovering unevenly, driven mainly by developing and emerging economies, but the rebound has been slow as most developed countries are still struggling. This slow recovery is likely to continue, with risks of a double-dip recession as countries shift to fiscal austerity before private demand recovers. An impending debt crisis in a number of European countries is also causing uncertainty. Output growth is feeble in many developed economies and, thus far, they have experienced a "jobless recovery": at the current rates of growth, it could take another four or five years before employment is back to pre-crisis levels.

17. The fast rise of emerging economies over the past few decades has resulted in a shift, where centres of global economic growth are now distributed across both developed and developing economies. The current post-crisis recovery and expansion continues to be led by the large emerging economies in Asia and Latin America, particularly Brazil, China and India. However, for these economies, the growth outlook is challenged by the spectre of rising inflation, due mainly to rising food and energy prices, emerging domestic asset price bubbles attributable to rapid capital inflows and related upward pressure on exchange rates.

18. Economic activity has recovered across the least developed countries and other structurally weak economies, including landlocked developing countries and small island developing States, bolstered by a recovery in international trade and a rebound in commodity prices. Part of their ongoing recovery has been driven by increasing trade and economic links with the emerging economies. Yet, the current growth rates recorded by the least developed countries fall short of those sustained before the crisis and, in many countries, are below the level needed to have a significant impact on unemployment and poverty reduction.

[7] This section draws on *World Economic Situation and Prospects* published in 2009, 2010 and 2011 (United Nations publications, Sales Nos. E.09.II.C.2, E.10.II.C.2 and E.11.II.C.2) and *Report on the World Social Situation* published in 2010 and 2011 (United Nations publications, Sales Nos. E.09.IV.10 and E.10.IV.12).

Income poverty

19. In the past few decades, large strides were made in reducing poverty. Prior to the recent crises, the incidence of poverty worldwide had fallen 40 per cent since 1990. The economic crisis changed this perspective dramatically: according to United Nations estimates, between 47 and 84 million more people fell into, or remained trapped in, extreme poverty because of the crisis. The joint IMF-World Bank *Global Monitoring Report 2010* estimates that an additional 64 million people had fallen into extreme poverty due to the economic crisis alone by 2010. The report also estimates that by 2015, 53 million fewer people will have escaped poverty due to the 2008-2009 recession, although the global Millennium Development Goal poverty target (halving the poverty rate) will be achieved.

20. Although poverty reduction is improving globally, mainly due to rapid progress in China, there are divergent trends at the regional level. Sub-Saharan Africa, Western Asia and countries in the Caucasus and Central Asia region are not expected to reach the Millennium Development Goal poverty target. Poverty rates are highest in sub-Saharan Africa.

Employment

21. The number of unemployed stood at 205 million in 2010, essentially unchanged from a year earlier and 27.6 million higher than in 2007, with little hope for this figure to revert to pre-crisis levels in the near future. The global unemployment rate stood at 6.2 per cent in 2010, versus 6.3 per cent in 2009, but still well above the rate of 5.6 per cent in 2007. Rates of unemployment and underemployment (in the form of shorter working hours or involuntary part-time employment) are very high among young people (aged 15 to 24 years), in both developed and developing regions. At the end of 2009, there were an estimated 81 million unemployed young people and the global youth unemployment rate stood at 13.0 per cent. In some countries, youth unemployment has reached alarming heights.

22. The estimate of the number of workers in vulnerable employment, defined as the sum of own-account workers and unpaid family workers, in 2009 is 1.53 billion people, an increase of more than 146 million since 1999. The highest shares of vulnerable employment are in South Asia (78.5 per cent of total employment in 2009), sub-Saharan Africa (75.8 per cent) and South-East Asia and the Pacific (61.8 per cent). In all regions, the vulnerable employment rate among women exceeds that of men.

23. The proportion of the long-term unemployed has increased significantly in most developed countries since 2007. Economies experiencing persistent high unemployment and a subdued output recovery could become trapped in a protracted period of below-potential growth. The longer the period in which low growth and long-term employment continues, the higher the risk of cyclical unemployment becoming structural, further impairing potential growth in the longer term.

Inequality

24. World inequality, by many measures, is high and rising. While post-crisis data are not available, per capita income inequality across countries rose steadily before the crisis. The gap between the richest and poorest groups of countries has increased

significantly. Although some developing countries and emerging economies have been growing much more rapidly than the richest countries, in general cross-country inequalities in terms of mean income continue to widen. On a global level, as at 2007, 80 per cent of the world's population earned only 30 per cent of the world's income, while 70 per cent accrued to the remaining 20 per cent. The world's wealthiest 61 million people (1 per cent of the world's population) have the same amount of total income as the poorest 3.5 billion (56 per cent of the world's population).[8]

25. The gap between rich and poor citizens within both developed and developing nations has also been growing. According to a recent study by OECD, income inequality increased in nearly all OECD countries. Household incomes of the top 10 per cent grew faster than those of the poorest 10 per cent in most of the countries, leading to widening income inequality, and the Gini coefficient increased by 10 per cent from the mid-1980s to the late 2000s.[9] The average income of the richest 10 per cent of the population is about nine times that of the poorest 10 per cent.

26. Large levels of inequality persist in most countries based on gender, ethnicity and geography. In developing countries, children in the poorest households and those in rural areas have a greater chance of being underweight than children in the richest households or those in cities and towns. In some of the least developed countries, children in the poorest households are three times less likely to attend primary school than those in the richest households. Globally, girls account for a much higher percentage of school drop outs than boys.

International trade

27. World trade in goods and services expanded by almost 12 per cent in 2010, more than previously estimated, representing a strong rebound after the steep decline by 11 per cent in 2009. By the end of 2010, the volume of world merchandise exports had fully recovered to the pre-crisis peak, although it remained markedly below its long-term trend. Growth of world trade is expected to moderate to around 7 per cent in 2011 and 2012. The major change that was feared in the aftermath of the crisis was a rise in protectionism, which did not materialize. A major change in trade patterns was the emergence of developing countries, such as India and China, as major engines of trade growth worldwide, as well as increasing trade and economic links between developing countries. Emerging economies are also generating new sources of financial flows and technological exchanges.

28. Despite these positive trends, many developing countries are unable to properly integrate into the global trading system or to reap the benefits of trade expansion. Their reliance on a narrow range of primary exports, weak access to financing, technology and know-how and an uneven global policy framework represent significant hurdles. International experience suggests that developing countries, dependent upon exports of primary commodities, face far greater trade shocks than countries with more diversified export structures or manufactured

[8] International Labour Organization, "A new era of social justice" (ILC.100/DG/1A), report of the Director-General to the International Labour Conference, 100th Session, 2011.

[9] Organization for Economic Cooperation and Development, "Growing income inequality in OECD countries: what drives it and how can policy tackle it?" OECD Forum on Tackling Inequality, Paris, 2 May 2011.

exports, which typically suffer much less from terms of trade shocks and hence are less vulnerable to economic fluctuations.

Financial flows: foreign direct investment, official development assistance and remittances

29. After peaking at about $1.2 trillion in 2007, net private inflows halved in 2008 and plunged further to about $350 billion in 2009. The sharpest drop was in international bank lending to emerging economies, with a total net inflow of $400 billion in 2007 becoming a net outflow of more than $80 billion in 2009. Net private capital inflows to emerging economies began to recover in 2010. In the outlook for the rest of 2011 and 2012, higher output growth and rates of return will continue to attract more capital flows to emerging economies. Policymakers in emerging markets have become increasingly concerned with the impact of large capital inflows in the form of appreciating currencies and inflation of asset bubbles. In response, Governments of many emerging economies are intervening in their currency markets and are attempting to dampen capital flow volatility through a variety of control measures.

30. Official development assistance (ODA) increased by 37 per cent in real terms between 2004 and 2010. A total of $128.7 billion (in current prices), representing 0.32 per cent of the combined gross national income of members of the OECD Development Assistance Committee, was disbursed in 2010, up from $64 billion in 1998. Despite these encouraging long-term trends, in the short term the global financial and economic crisis has been taking its toll on country finances and consequently the share allocated to development assistance. The aid budget has come under pressure as many donor Governments turned to fiscal austerity measures. According to the United Nations *World Economic Situation and Prospects 2011*, the fragile recovery in developed countries and the threat of a possible double-dip recession create considerable uncertainty about the future volume of ODA flows, while aid delivery is falling short of commitments by the donor community. Preliminary data from the Development Assistance Committee show that ODA flows in 2010 fell about $18 billion (in 2004 dollars and growth adjusted) short of the commitments made by donors at the Gleneagles Group of Eight Summit in 2005. Africa received only an additional $11 billion (in 2004 prices) as opposed to the $25 billion increase in net ODA promised in 2005.

31. The global number of international migrants increased from 156 million in 1990 to 214 million in 2010. Remittances contribute to poverty reduction by improving the health and education of family members who stay behind. Overall, remittances declined by 6.1 per cent, from $336 billion in 2008 to $315 billion in 2009. However, in the current crisis remittances have proven more resilient than private capital flows, although some countries in Latin America and Central Asia were more severely affected than others. In 2010, the inflow of remittances to developing countries was estimated at $325 billion.

Debt relief

32. Assisted by the global recovery, the external debt burden of developing countries as a group fell to 22 per cent of gross domestic product (GDP) in 2010, down from 24 per cent the previous year. Debt relief provided to low-income countries under the heavily indebted poor countries (HIPC) initiative and

multilateral debt relief initiatives has helped to reduce their debt burdens substantially.

33. Middle-income countries, however, particularly small island developing States, have experienced little relief. Reducing the outflow of resources from these countries is essential to counteract the negative impact of the crisis on their economies. In 2008, there was an outflow of $6 billion from low-income countries to multilateral lenders and bilateral creditors (for principal and interest payments).[10] United Nations Development Programme estimates suggest that in 26 low- and middle-income countries, cancellation of debt service repayments to official creditors on long-term debt contracted until December 2008 would release about $2.8 billion each year on average to 2014.[11]

Debt distress in developed economies

34. Major concerns remain over the still-rising trend in public indebtedness in developed economies. The average public debt ratio for developed economies has already surpassed 100 per cent of GDP in 2011, triggering a further downgrading of several countries' sovereign debt ratings. In response, many have committed to fiscal consolidation, but it is not clear that this will be enough to stave off debt crises. If the commitment to fiscal consolidation is not credible enough to bring down public debt, interest rates in financial markets may increase anyway, heightening the risk of default. If, however, the austerity measures are too drastic and come too soon during the economic recovery, economic growth and employment could suffer and the still fragile banking sector could weaken further, and thus also increase the risk of default.

Food security

35. Food security is closely linked to food prices and food price volatility. Poor consumers are severely affected by high prices, as food accounts for a very high share of the total budget of the poorest households. The period since 2006 has been one of extreme volatility in food prices. Prices rose sharply in 2006 and 2007, peaking in the second half of 2007 for some food products and in the first half of 2008 for others. For some products, the increase between the 2005 average and the peak was several hundred per cent. Prices then fell sharply in the second half of 2008, although in virtually all cases they remained at or above the levels in the period just before the price hikes began. Sharp rises in some food prices emerged again during 2010, and by early 2011 the food price index of the Food and Agriculture Organization of the United Nations was again at the level reached at the peak of the crisis in 2008.

36. One effect of the price volatility of 2007-2008 was that it caused grave hardship among the poor and was a major factor in the increase in the estimated number of hungry people in the world from 820 million in 2007 to more than a billion in 2009, falling to about 900 million at present. This modest improvement is now being threatened by renewed surges in food prices. Neither national nor international responses to the crisis were able to fully cope with the food security problem.

[10] United Nations Development Programme, *What Will It Take to Achieve the Millennium Development Goals? An International Assessment* (New York, June, 2010).

[11] Ibid.

Environment and climate change

37. Changes in the global environment do not respect national boundaries and represent one of the most critical challenges of globalization. In a globalizing world of nearly 7 billion people, rising to over 9 billion by 2050, it is imperative to establish a global sustainable development path that includes broad-based economic growth for poverty eradication while recognizing the need to become far less energy- and resource-intensive.

38. One of the two major themes of the United Nations Conference on Sustainable Development to be held in 2012 in Rio de Janeiro, Brazil, will be a green economy in the context of sustainable development and poverty eradication. Collective efforts are required to achieve the technological transformation to a greener global economy with green jobs, including a comprehensive global energy transition that reduces non-renewable energy usage. Presently, 90 per cent of energy is generated through technologies that utilize fossil fuels, responsible for about 60 per cent of carbon dioxide emissions.

39. Climate-related disaster risk has intensified dramatically over the past decades. The frequency of droughts, floods and storms has increased by a factor of five in the past 40 years, from an average of 69 natural disasters a year in the 1970s to an average of 350 in the 2000s. Disasters result in large economic and social costs, particularly to developing countries, affecting their ability to achieve the Millennium Development Goals, including Goal 7, as more people move from disaster-prone areas to urban areas. Thus, the number of slum dwellers will continue to grow. An estimated 828 million people currently live in urban slums, compared with 657 million in 1990 and 767 million in 2000.

Information and communications technology

40. Information and communications technology (ICT) is a strong facilitator of globalization. Despite the economic downturn, the global ICT sector has continued to grow, in large part owing to continued growth in emerging markets. The wide disparity between developed and developing countries in rates of Internet access and broadband penetration levels illustrates the need to ensure developing countries are not excluded from the digital information society. The average penetration level of mobile broadband services is 10 times higher in developed than in developing countries, where the limited number of fixed telephone lines also constrains the deployment of fixed (wired) broadband access. A penetration rate of less than 1 per cent in Africa, for example, illustrates the challenges that persist in increasing high-speed Internet access in the region. In terms of affordability, people in developed countries still spend relatively much less of their income (1.5 per cent) on ICT services compared with people in developing countries (17.5 per cent).[12]

IV. Sustained, inclusive and equitable economic growth and job creation

41. Economic growth is necessary for development, including the achievement of the Millennium Development Goals. Consistently achieving positive economic

[12] International Telecommunication Union, *Trends in Telecommunication Reform 2010/11: Enabling Tomorrow's Digital World*, 11th ed. (Geneva, 2011).

growth is a challenge, but it can be particularly difficult for developing countries in a rapidly globalizing world, where the benefits and costs of globalization are unevenly distributed and the international economy is filled with financial volatility and economic instability.

A. Sustained economic growth

42. Sustained economic growth can be understood as strong economic growth over prolonged periods. When the benefits are shared fairly and equitably throughout society, sustained economic growth has been shown to be the most effective means for reducing poverty. More diversified economies tend to be less vulnerable to external shocks, sustain faster growth over time and spread income more broadly among the population.

43. Countries in East Asia — China, Japan, the Republic of Korea and Singapore — have been particularly successful in achieving sustained growth resulting in rapid poverty reduction. Indonesia, Malaysia, Thailand, Viet Nam and other economies of South-East Asia have also seen a similar dramatic reduction of poverty since the 1980s. Sustained growth has also made it possible to carry out investments for achieving other Millennium Development Goals.

44. Among East Asian countries, growth has been supported by policies promoting structural change, such as reducing inequality and improving agricultural productivity through agrarian reforms; supporting industrial development; investing in human capital and infrastructure; conducting an active trade policy, including export promotion and selective trade protection; and supporting the development of technological capacity while exposing firms gradually to global competition.

45. Of the countries that have been successful in achieving sustained growth, most have adopted heterodox policies that reflected their national conditions. They have also had in common an ability to achieve a fair degree of coherence across different domains of economic and social policies, and have generally been able to shape economic growth to be broadly based across sectors through structural transformation.

46. Yet, there is no one size fits all solution. Country contexts and initial conditions differ, and past experiences have shown that there exist many pathways to overcoming obstacles to sustained growth and development. What is appropriate for one country might not work for another. Understanding a country's particular constraints to growth is important.

47. While cross-country experience gives some general shared features of countries with strong growth, the particular country context determines unique ways in which those features could also be hindered. Knowing the barriers to growth in a country and the prioritization and sequencing of reforms that could work depends uniquely on the country context. National development strategies have to be tailored to country-specific conditions, and the sequencing and prioritization of reforms for growth is a significant challenge. Developing countries may consider identifying other countries with similar endowment structures but higher incomes in order to determine what industries or sectors triggered growth. Lessons may be applied or adapted to the unique circumstances of a country and by replicating appropriate development strategies.

B. Inclusive and equitable economic growth

48. Sustained economic growth by itself is not sufficient to ensure that the benefits of growth are adequately shared among all citizens: for this, growth also needs to be inclusive and equitable. The findings of the Commission on Growth and Development suggest that inclusiveness — defined to encompass equity, equality of opportunity and protection in market and employment transitions — is an essential ingredient of any successful growth strategy.[13]

49. Inclusive economic growth implies that its benefits reach low income groups, particularly those earning the lowest incomes; poor economic sectors; deprived social groups and peoples, including ethnic or religious minorities; and marginalized geographical regions. Therefore, growth that is inclusive should enhance fairness and equality, including greater income equality.

50. Economic growth that is more inclusive and equitable is particularly important for reducing poverty and achieving the Millennium Development Goals. It facilitates faster progress towards achievement of the Goals, as increased incomes among poor families translate into affording education expenses, better food and nutrition, access to clean water and improved housing. It also mitigates social tensions that can be a source of political instability and a barrier to investment. Inequality has been found to be an important determinant of civil and armed conflicts in many countries, and such conflicts have subsequently caused growth collapses and major reversals of development gains.

51. In many countries, growth has often been concentrated among sectors that benefit those who already have higher incomes, while the poor who lack resources or are excluded from market opportunities are caught in a self-perpetuating process that makes reducing poverty and inequality a difficult challenge. In general, countries with higher levels of inequality need to grow much more rapidly, or take much longer, to achieve the same degree of poverty reduction as those with lower levels of inequality. Trends before the financial and economic crisis show that, for a typical lower middle-income developing country, much more rapid economic growth is needed to achieve the same rate of poverty reduction than two decades ago. To accelerate poverty reduction, growth must be accompanied by a more equal distribution of income, assets and opportunities.

52. An equitable distribution of physical and human resources provides the basis for more broadly shared economic growth. Land and agrarian reforms are central to a more equitable distribution of land and agricultural production opportunities at the start of the economic take-off of many countries. Social policies that promote inclusiveness, such as universal access to education and health care, also spread improvements in human development.

53. A recent example of countries decreasing income inequality comes from Latin America. The period 2003-2008 was characterized not only by sustained economic growth but also by a slight but clear trend towards a lesser concentration of income. Several countries of this region recorded declines exceeding 10 per cent in the Gini

[13] Commission on Growth and Development, *The Growth Report: Strategies for Sustained Growth and Inclusive Development* (Washington, D.C., International Bank for Reconstruction and Development/World Bank, on behalf of the Commission, 2008).

coefficient.[14] While income inequality in Latin America is still among the highest in the world, the favourable trend in recent years shows that income distribution can be improved.

54. The positive trend in income distribution was linked primarily to labour market dynamics and transfers to households and, to a lesser extent, to demographic variables resulting in lower dependency rates. Employment grew faster than the labour supply and, in particular, the increase in formal, high-quality and full-time jobs and rising hourly wages were of proportionately greater benefit to lower-income households, resulting in a narrowing of the gap in average incomes per worker. Another positive factor was household transfers, where changes in this income source accounted for roughly one fifth of the reduction in the per capita income gap across the region. Factors that could constrain future progress towards equality include the current inequality in access to education and the continued intergenerational transmission of inequality.

C. Job creation and decent work in the context of globalization

55. Productive job creation and decent work are an integral part of sustained, inclusive and equitable growth. It is primarily through increases in employment levels and job opportunities, higher wages and better working conditions that the benefits of sustained economic growth become inclusive and equitable, and are translated into higher incomes and better living standards for greater numbers of people.

56. Globalization has presented both opportunities and challenges to labour market policy and job creation. While job opportunities can be improved through increased international trade, foreign direct investment and international migration, employment prospects and standards are also challenged by increased rural-urban migration, rapidly changing technology and lower labour standards to attract foreign investment and enhance international competitiveness.

57. Currently, the greatest challenge is coping with the employment situation in the aftermath of the global financial and economic crisis. As previously mentioned, the economic crisis has morphed into a global jobs crisis involving widespread job losses, increased unemployment and wage repression in developed countries, and underemployment, a growing informal economy, increased vulnerable employment and working poverty in developing countries.

58. Labour markets were sluggish in most countries even before the current crisis. Although the global economy is recovering, employment lags behind other indicators, and opportunities for full, productive and decent work remain limited. High unemployment continues to affect many workers in developed countries experiencing jobless growth. Although aggregate employment levels are back to pre-crisis levels in many developing countries, there has been a rise in the employment levels of the working poor and of more vulnerable types of jobs, such as informal and vulnerable employment.

[14] Economic Commission for Latin America and the Caribbean, *Time for equality: closing gaps, opening trails* (Santiago, May 2010).

59. A prolonged period of high unemployment and underemployment poses significant risks to labour standards, including wage repression, particularly under labour laws that encourage labour market flexibility. These risks have increased with the liberalization of labour markets, where protections, such as minimum wages or labour unions, have been diminished or eliminated. Since workers are more vulnerable in bad times, when firms are allowed to cut wages or lay off employees to reduce costs, labour market flexibility translates into insecurity for workers, especially in the absence of adequate social protection. In particular, groups who suffer from discrimination and have fewer job choices, such as women, minorities, immigrants, persons with disabilities and older workers, are at increased risk of becoming entrapped in what the International Labour Organization has termed "dirty, dangerous and demeaning jobs". This underlines the importance of labour market institutions that protect jobs and improve the working conditions of discriminated groups, as well as of measuring employment quality when assessing employment trends.

60. Promoting job creation and decent work is more important than ever, in both the short term, during the recovery period, and in the long term, in order to make economic growth more inclusive and equitable. In this regard, the Global Jobs Pact recognizes the urgent need to reduce the risk of long-term unemployment and increased informal work, which are difficult to reverse. The Pact puts full and productive employment and decent work at the heart of the crisis response, suggesting a wide range of potential policy responses, including recommendations for counter-cyclical macroeconomic policy measures, limiting and avoiding job losses, assisting job seekers, investing in development of workers' skills to improve employability, ensuring a favourable environment for micro, small and medium-sized enterprises, and a regulatory environment conducive to job creation.

61. Linking job creation and decent work to a transformational sustained economic growth that is inclusive and equitable will also require private sector capital investment and rising worker productivity. This requires making job creation and decent work a policy priority, accompanied by an enabling environment for private sector investment and development. This involves multiple elements, including investment in education, health and skills to increase the employability of workers; political stability; macroeconomic stability (meaning moderating business cycles by counter-cyclical policies); a sound and efficient financial system; infrastructure development; and pragmatic development-friendly governance, including a sound legal and regulatory system and measures to control corruption.

V. Towards a fair and more equitable globalization for all

62. A fair and more equitable globalization for all implies realizing its potential benefits and making them more inclusive and equitable for all individuals and countries, while minimizing the considerable costs, risks and vulnerabilities that globalization has created. This has implications at both the national and international levels.

A. National level

63. At the national level, a fair and more equitable globalization means improving living conditions and standards, particularly of the poor, and fostering increased opportunity and equality. Through their national development strategies, Governments should implement policies that prioritize sustained, inclusive and equitable growth, job creation and decent work. They should be actively supported in this endeavour by the international community through the establishment of a supportive international enabling environment.

64. The countries that are more successful in achieving sustained, equitable and inclusive growth have had in common increased coherence across economic and social policies. National development strategies must pursue this objective, tailoring it to country-specific conditions, considering the constraints of the global economy and building safeguards against economic shocks. However, global rules-setting, especially in the areas of trade and finance, have limited the policy space for conducting national development policies. Greater coherence will be needed therefore between policymaking in the national arena and global economic governance.

65. Another key element is a macroeconomic framework that supports growth with job creation and economic diversification, and the strengthening of national capacities for policy implementation. While a stable macroeconomic environment is necessary for robust growth, it has been difficult for many countries to achieve and maintain owing, in part, to capital account liberalization and instability in capital markets. Macroeconomic policies also need to support growth and productive employment creation, which would require such policies to be counter-cyclical, pro-investment and sensitive to employment objectives, and move away from a narrow focus on keeping inflation at a very low level and maintaining fiscal balance at any cost. That is, macroeconomic policies should be aligned with broader development objectives, including investment in education, health and infrastructure.

66. For growth and development to be truly inclusive and equitable, it is necessary to implement policies that support dynamic growth in sectors that are relevant to the poor, such as sustainable agriculture and rural development; implement comprehensive and coherent social policies and social protection programmes; and protect human rights.

B. International level

67. At the international level, a fair and more equitable globalization for all includes the forging of a comprehensive international enabling environment to facilitate growth and development of developing countries and their capacity to benefit from and take advantage of the opportunities associated with globalization while shielding them from globalization's risks and instabilities.

68. Developing countries have benefited from improvements in some areas of the current international environment, notably increased ODA and debt relief, but progress in others is stagnating, for example trade, access to medicines and technology, migration and climate change. Enhanced international policy coherence

across the broad spectrum of development is critical for creating an international enabling environment and a fair and more equitable globalization.

69. Achieving broad-based, rapid and sustained growth in incomes and employment involves policy challenges that are increasingly complex. The international community must therefore also assist developing countries to increase their national capacity to manage their development processes.

Development cooperation

70. The Millennium Development Goals Gap Task Force has suggested ways to deliver ODS more effectively, including through multi-year commitments for programmable assistance and full alignment with national development and inclusive growth strategies. These efforts should be reinforced with South-South cooperation and philanthropy. There is also much scope for improving the distribution and allocation of ODA. Aid to least developed countries has not been increasing at a favourable rate compared with countries that are not among the least developed. Given its responsiveness to the underlying socio-economic conditions of least developed countries, multilateral aid has the potential to increase equity by improving its distribution. Faster progress should also be made under the agendas on aid effectiveness adopted at the high-level forums held in Rome, Paris and Accra.

71. Development cooperation is undergoing a radical transformation, and there is great potential in facilitating South-South and triangular cooperation, reflecting the growing economic and political influence of developing economies. As well, innovative financing has the potential to increase resources for development, but should not fragment the aid architecture further or distract attention from traditional ODA.

International trade and finance

72. Additional trade reform is needed if developing countries are to benefit adequately from globalization. The failure to complete a development-oriented Doha Round of trade negotiations remains the largest gap in delivery on commitments for a fairer trading system. Moving the negotiations out of the present impasse is critical and countries should undertake, without sacrificing the ambition to deliver benefits explicitly to developing countries, to complete the Doha Round as soon as possible. Market access for developing countries is little improved and further progress needs to be made in providing duty- and quota-free access, particularly to least developed countries.

73. The Aid for Trade Initiative needs to be strengthened further in order to support the development of the trading and production capacities of developing countries in ways that are consistent with strategies aimed at economic diversification and sustained growth. The reduction of export and agricultural production subsidies in developed countries needs to be accelerated in order to enhance income opportunities for farmers in developing countries. In addition, South-South regional integration offers a promising complement, allowing countries to pool resources, agricultural and industrial capacities, and skills. The reform process should also assist developing countries to secure access to the markets and technologies available in developed countries on a non-reciprocal and preferential basis.

74. International financial regulation and reform of the existing international financial architecture is also a pressing challenge. Attempts at strengthening financial regulation and creating more national policy space through capital controls are in tension with rules of the World Trade Organization regarding liberal trade of financial services under the General Agreement on Trade in Services. This needs to be addressed, particularly with respect to the objectives of global financial stability and financial regulatory reforms. Since expanding global financial services need to be accompanied by robust regulatory arrangements, there is need for an independent international process overseeing international financial regulatory mechanisms that would take precedence in rule-setting.

Debt relief

75. Enhanced debt restructuring and relief modalities are critical for supporting development efforts in debt-distressed countries. The HIPC framework for poor countries has formally come to an end, but 18 low and lower-middle-income countries remain at high risk or are in debt distress, while many more have high public debt ratios.[15] Volatile global markets could also quickly change the outlook for debt sustainability. Given continued debt distress, extension of the HIPC initiative should be urgently considered, making it accessible to all low-income countries with debt problems, while a more comprehensive framework is developed for orderly sovereign debt workouts which takes into account the interests of both debtors and creditors. This decision of the 2010 High-level Plenary Meeting of the General Assembly on the Millennium Development Goals still remains unaddressed.

Tax and investment competition

76. Often Governments have been motivated to provide tax and other incentives to multinational companies in order to attract foreign investment, resulting in a tendency to engage in a "beggar thy neighbour" tax competition, or a "race to the bottom" where Governments tend to lose out on significant tax revenue. Heightened capital mobility has also stimulated regulatory and tax competition, where the widespread dismantling of capital controls has facilitated the financial industry to engage in the international relocation of assets for tax purposes. This has resulted in a diminished ability of tax and financial authorities to carry out financial supervision and tax collection. Strengthened international tax cooperation, harmonization and financial regulatory coordination among countries could prevent such tax competition. Effective international tax cooperation may also yield significant additional resources for development, possibly exceeding the present level of annual flows of development assistance.

Food insecurity and the financialization of commodities

77. Commodity markets have seen a tendency towards greater "financialization", including the growing presence of financial investors on commodity futures exchanges and investment bankers developing commodity-led financial products. This has added considerable volatility to commodity prices, affecting consumers and producers, and has increased overall food insecurity. Actions are needed to improve transparency of financial markets and to curb speculation on commodities.

[15] See United Nations Development Programme, *What will it take* (see footnote 10).

Migration

78. All countries have much to gain from reconsidering international cooperation on migration, given demographic changes and imbalances. If properly managed, including protecting the rights of migrants, migration can bring benefits to origin countries, host communities and migrants themselves. Policies should be established by remittance-sending countries to improve the flow and reduce the cost of remittances.

Technology

79. International cooperation should be strengthened in the areas of access to technologies and know-how to increase access by developing countries to appropriate technologies, including those for health, communications and combating climate change. This involves strengthening incentives that support innovation and financing research on intellectual property and context-specific technologies. It also involves facilitating investment in ICT infrastructure, cheaper access to technologies and human resources development.

C. Recommendations

80. **A comprehensive international enabling environment for sustained, inclusive and equitable economic growth, job creation, decent work and the achievement of the Millennium Development Goals is essential to eliminate the inequities of globalization. Such an enabling environment would also include increased policy coherence and coordination in terms of managing globalization and enhancing the policy space for developing countries.**

81. **In this regard, and as a first step towards enhancing the ability to manage globalization in a coherent and comprehensive manner, the international community may wish to address the issue of the measurement of globalization, identifying and agreeing upon a set of tools and standardized measurements and indicators.**

82. **The international community can also provide further support to a fair and more equitable globalization for all through:**

(a) **Promoting greater policy coherence and coordination at the international level to prevent and mitigate the effects of future financial crises and to contain possible spill-over effects from the current debt crisis in developed countries;**

(b) **Assisting developing countries to increase their capacity to manage their respective development processes;**

(c) **Assisting developing countries to engage in building human capital and capacity through education, health and job training, not only in their export-oriented sectors but also, so as to enhance inclusiveness and equity, in their non-tradable sectors;**

(d) **Promoting job creation and productive employment, decent work, international labour standards, gender equality and social inclusion and cohesion, through the redoubling of efforts towards implementing the Global Jobs Pact and establishing social protection floors;**

(e) **Undertaking collective efforts, including with national Governments, civil society and the private sector, to address the challenges of unemployment and underemployment;**

(f) **Assisting developing countries to establish and strengthen universal social protection in order to reduce economic insecurity and vulnerability, and enhance household capacity to acquire food, improve child nutrition, access health services and keep children in school;**

(g) **Adhering to ODA commitments and aligning overall support, including debt relief commitments, to recipient countries' national development strategies, institutions and procedures, with donors harmonizing their actions by implementing common arrangements and simplification procedures to reduce duplication and enhance the transparency of aid;**

(h) **Providing debt relief by extending the HIPC initiative to all low income countries with debt problems, while a more comprehensive framework is developed for orderly sovereign debt workouts that takes into account the interests of both debtors and creditors;**

(i) **Completing a successful and balanced conclusion to the Doha Round of multilateral trade negotiations that places the needs of developing countries at its centre and provides for complementary ongoing aid-for-trade measures;**

(j) **Establishing an independent international process overseeing international financial regulatory mechanisms so as to put in place robust regulatory arrangements to accompany expanding global financial services;**

(k) **Strengthening international tax cooperation, harmonization and financial regulatory coordination in order to counteract the pressures towards tax competition and the "race to the bottom" in the global competition for investments and markets;**

(l) **Promoting policies and measures to support and provide more favourable terms for technology transfer, including green technology, to developing countries under multilateral trade agreements, including more efforts at the international level to bridge technology gaps by funding research and development and facilitating investment in ICT infrastructure;**

(m) **Enhancing international cooperation on migration, including the proper management and enabling of migration flows, protecting the rights of migrants and finding ways to improve the flow and reduce the cost of remittances.**

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Administration of justice at the United Nations

Activities of the Office of the United Nations Ombudsman and Mediation Services

Report of the Secretary-General

Summary

The General Assembly, in its resolution 65/251, reaffirmed that the informal resolution of conflict is a crucial element of the system of administration of justice and emphasized that all possible use should be made of the informal system in order to establish harmonious working conditions and avert unnecessary litigation. The Assembly also welcomed the submission of the second joint report for the entities covered by the integrated Office of the United Nations Ombudsman and Mediation Services and requested the Secretary-General to submit such a report at its sixty-sixth session.

The present report is the third covering the activities of the integrated Office of the United Nations Ombudsman and Mediation Services, which delivers informal conflict resolution services to the staff of the Secretariat, the United Nations Development Programme, the United Nations Population Fund, the United Nations Children's Fund, the United Nations Office for Project Services and the Office of the United Nations High Commissioner for Refugees.

The present report contains a request for additional resources for the Office amounting to $918,400 (before recosting) under sections 1, 29D and 37 of the proposed programme budget for the biennium 2012-2013.

Summarized below are some of the main points of the present report, which covers the period from 1 January to 31 December 2010.

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Regional impact

As 2012 will mark the tenth anniversary of the establishment of the first ombudsman function in the Secretariat, and as the regional branches and Mediation Service have now completed one year of operation, the Office has launched efforts to assess its impact and effectiveness. Following a preliminary assessment, it was found that decentralization has provided the Office with better access to its constituencies and enabled it to provide in-person intervention at the field level, which is the most effective means for conflict resolution. This was one of the primary incentives for the establishment of the regional branches by the General Assembly. The Office has also been able to develop a greater understanding of regional dynamics. Furthermore, the Mediation Service has provided staff and managers an additional alternative tool with which to resolve workplace disputes.

In terms of challenges, budgetary constraints have made it difficult for regional ombudsmen to travel within their respective areas to provide in-person intervention for the resolution of conflicts or festering issues, including in the deep field, and for the Office to deploy rapid response ombudsmen and mediation teams as needed.

Systemic issues: ombudsman services

In accordance with the mandate of the Office, the report identifies systemic and cross-cutting issues brought to the attention of the Office during the reporting period, as well as those that have been identified by the Ombudsman, together with related recommendations. Consistent with existing precedents across the integrated Office, the primary areas of concern for visitors who used ombudsman services during the reporting period were job and career, interpersonal relationships, and compensation and benefits.

Statistics

A 70 per cent increase was noted in the case volume relating to staff members in the United Nations Secretariat and a 35 per cent increase in overall case volume for the integrated Office. This was due, in large part, to the availability of on-site services provided by the ombudsmen in the regional branches.

Mediation services

The Mediation Service witnessed an increase in its caseload, with several complex and sensitive mediations leading to successful resolutions. The primary areas of concern for parties who sought the assistance of the Mediation Service were job and career; legal, regulatory, financial and compliance matters; and evaluative relationships.

Update on incentives for informal resolution

In paragraph 22 of its resolution 65/251, the General Assembly requested the Secretary-General to ensure full implementation of the incentives for informal resolution that had been identified in the Secretary-General's last report to the General Assembly (A/65/303). Some of the main actions thus far implemented include: directives by senior management to all offices and departments urging use of the informal resolution process to resolve conflicts and timely responses when contacted by the Office; ongoing efforts by the integrated Office and the Office of

Human Resources Management to, among other things, offer dispute resolution training to key partners in the broader administration of justice system and interested staff; and the provision of feedback reports by the Office to certain departments, highlighting trends and systemic issues in their respective areas.

Conclusion

The Office of the United Nations Ombudsman and Mediation Services looks forward to the General Assembly's favourable consideration of its additional resource requirements and its continued support for informal resolution as a key first step in the resolution of workplace disputes, including system-wide and speedy implementation of incentives to encourage the usage of informal resolution.

Contents

		Page
	Preamble: core principles	5
I.	Office of the United Nations Ombudsman and Mediation Services	5
	A. Ombudsman services	5
	B. Mediation services	7
	C. Regional impact	9
	D. Update regarding implementation of incentives for informal resolution	12
	E. Outreach and advocacy	13
II.	Systemic issues	17
	A. Source and context	17
	B. Systemic issues identified during the reporting period in the Secretariat, the funds and programmes and the Office of the United Nations High Commissioner for Refugees	17
III.	Statistical information: ombudsman services	27
	A. Case volume	27
	B. Demographics	28
	C. Issue distribution by occupational group	31
	D. Issues by type of office location	32
IV.	Statistical information: mediation services	34
	A. Case volume and outcomes	34
	B. Demographics	35
	C. Mediation cases by occupational group	35
	D. Mediation cases by source	36
	E. Types of issues	37
V.	Future directions	37
VI.	Resource requirements	38
VII.	Action to be taken by the General Assembly	41

Preamble

Core principles

As the main informal pillar of the Organization's conflict resolution system, the Office of the United Nations Ombudsman and Mediation Services uses informal and collaborative approaches to resolving conflict at an early stage. The Office is guided by the core principles of independence, neutrality, confidentiality and informality, which are summarized below.

Independence

The Office maintains independence from other organizational entities, organs or officials and has direct access to the United Nations Secretary-General, executive heads of funds and programmes and the Office of the United Nations High Commissioner for Refugees (UNHCR) and senior management throughout the Organization as needed; access to information relevant to cases, except medical records; and access to individuals in the Organization for advice, information or opinion on a particular matter.

Neutrality

The Office serves as an advocate for justice and fair, equitably administered processes, not on behalf of any individual within the Organization, taking into account the rights and obligations between the Organization and the staff member, and the equity of the situation.

Confidentiality

The Office maintains strict confidentiality and does not disclose information about individual cases or visits from staff members; it cannot be compelled by any United Nations organ or official to testify.

Informality

Informality includes not keeping records for the United Nations or any other party; not conducting formal investigations or accepting legal notice on behalf of the United Nations; not having decision-making powers; and not making determinative findings or judgements.

I. Office of the United Nations Ombudsman and Mediation Services

A. Ombudsman services

Trends

1. As was the case in 2008 and 2009, the top three areas of concern for visitors who utilized ombudsman services across the integrated Office[1] in 2010 pertained to job and career (34 per cent), evaluative relationships (20 per cent) and compensation

[1] There are areas in the present report that are specific to each entity and are noted as such.

and benefits (15 per cent). The majority of cases resolved through ombudsman services, emanated from offices away from Headquarters and field operations, where most staff are located. In this context, the integration of mediation with the ombudsman approach and the ease of interaction between the two (e.g., when matters initially dealt with through one approach are ultimately determined to be more appropriate for the other, the approach can be easily changed), has created a highly effective informal resource for staff members.

Scope

2. The Office of the United Nations Ombudsman and Mediation Services considers it important to provide access to informal resolution to all United Nations personnel, regardless of category. In its dialogue with the members of the Sixth Committee in 2010, the Office confirmed its willingness to serve non-staff personnel, for which the additional resources required would be modest considering the long-term gains from the investment. Experience from other United Nations organizations that are currently providing ombudsman services to non-staff personnel has demonstrated that such intervention has helped to prevent conflicts from festering without creating any undue expectations regarding their contractual status. In the Secretariat, there are 16,480 non-staff personnel in field operations and 10,080 not based in the field.[2] Those numbers exclude any Secretariat consultants and individual contractors administered by the United Nations Office for Project Services (UNOPS) and the United Nations Development Programme (UNDP). The current decentralized structure of the Ombudsman's Office would provide easy access to that category of personnel.

3. If the General Assembly decided that informal resolution should be extended to non-staff personnel, that would require an increase in the Office's resources. In line with the spirit of the Charter of the United Nations, such expansion in scope would allow all United Nations employees to benefit from another mechanism of due process at minimal cost to the Organization.

External reviews

4. Analysing how the Office connects to its clients and stakeholders is crucially important to how it operates. Owing to the independent and confidential nature of its functions, the Office utilizes the services of external experts to monitor and assess its substantive performance and systemic impact and to improve the quality of its services. The Office will look at the possibility of a midterm review by a team of external experts for 2011-2012. The conduct of such reviews by outside individuals who are experts in the profession is critically important on two counts: (a) subject experts have the substantive knowledge and expertise to review all aspects of operations, and, in dialogue with relevant stakeholders and staff through surveys, to recommend how such relationships can and should evolve; (b) the conduct of such reviews by substantive experts is perceived by clients of the Office as credible and confidential and protects both the Office and its clientele.

[2] A/65/373, para. 185.

Terms of reference

5. In paragraphs 16 and 17 of its resolution 65/251, the General Assembly requested the Secretary-General to conclude inter-agency negotiations on the revised terms of reference of the integrated Office and to ensure that they were promulgated as soon as possible. As mentioned in earlier reports, the terms of reference of the integrated Office have been the subject of extensive consultations involving staff and management, as well as the funds and programmes and the Office of the United Nations High Commissioner for Refugees (UNHCR). Following those consultations, the draft terms of reference were submitted for promulgation in a Secretary-General's bulletin in 2010. However, General Assembly resolution 65/251 necessitated a further review of the draft terms of reference. In accordance with established procedures, the draft terms of reference have been the subject of additional consultations and review across the system. It is expected that a revised draft Secretary-General's bulletin will be submitted for promulgation upon completion of this consultative phase.

Audit of the outreach programme

6. At the request of the United Nations Ombudsman, the Internal Audit Division of the Office of Internal Oversight Services conducted an audit from November to December 2010 focusing on the Office's outreach programme, which included the regional branches in Nairobi and Santiago.

7. The auditors concluded that since its creation, the Office had conducted several outreach campaigns aimed at increasing awareness among the staff at large about its functions and services and encouraging staff to make proactive use of the informal dispute resolution process. They also acknowledged efforts made by the Office to promote awareness among senior managers of the importance of informal resolution in the settlement of workplace disputes. The auditors further noted that the Office's communications concept for 2011-2013, which sets out the Office's outreach goals, strategy and performance measurements, should be finalized to include specific guidelines on how to implement its outreach programme to ensure that all activities and messages are delivered consistently across the integrated Office, including by its regional branches. This will be done in consultation with the funds and programmes and UNHCR.

B. Mediation services

8. As mandated by the General Assembly in paragraph 16 of its resolution 61/261, a Mediation Service was formally established within the Office of the United Nations Ombudsman to provide mediation services for the United Nations Secretariat, funds and programmes and UNHCR. The Mediation Service handles cases as requested by the parties to a dispute, or referred by management evaluation units, the United Nations Dispute Tribunal and the United Nations Appeals Tribunal, among others.

9. In 2010, the Mediation Service witnessed an increase in its caseload as its services gained recognition, and it has now started to collect data to analyse trends and patterns. The number of referrals from the Tribunals and the Administration has increased, including cases of a disciplinary nature. In this context, it should be noted that mediation cases involve various issues, such as evaluative relationships,

contractual status and terms of separation, which often entail emotional and highly sensitive matters. Also, in view of the voluntary nature of mediation, it can be challenging to secure the agreement of all parties concerned to participate in the process. It has also been observed that some parties wishing to avail themselves of mediation services approach other services simultaneously, such as the Ethics Office, the Office of Internal Oversight Services or the Conduct and Discipline Units, which could pose a challenge in managing expectations. Despite such challenges, the Mediation Service has handled and successfully resolved a wide range of cases.

Mediation principles and guidelines

10. The various stages in the mediation process and related important considerations are described in the mediation principles and guidelines, which have been available on the Office's website since 1 July 2009. This also addresses the General Assembly's request, in paragraph 17 of its resolution 65/251, for the Secretary-General to ensure that the guidelines for the Mediation Service are promulgated as soon as possible. In order to ensure the highest quality of service, the necessary modifications were introduced to the mediation principles and guidelines over time, based on lessons learned from practical experience. It should be noted that the revised terms of reference for the Office, which are in the process of being reviewed for promulgation, also include a section regarding mediation services, which is derived from the mediation principles and guidelines.

On-call mediators

11. The Office is continuing efforts to build a roster of on-call mediators, both at Headquarters and in the regions. The Mediation Service has maintained close contacts with its counterpart at the World Bank to share best practices and implement their joint project for the identification of regional mediators. The Mediation Service is currently in the process of assessing its regional needs and budget in order to recruit on-call mediators from the joint roster in 2011-2012.

Enhancing partnerships and outreach

12. During the reporting period, the Mediation Service continued to build partnerships throughout the Organization and with key stakeholders in the system of administration of justice to gauge and enhance mediation services. This has led to an increase in requests and referrals and a more streamlined mediation process. The Director of the Mediation Service made several presentations on resolving workplace disputes to targeted teams across the Organization and conducted various missions overseas, including to Geneva and Addis Ababa for on-site mediation and outreach activities and to Nairobi for outreach and participation in a meeting with the judges and registrars of the United Nations Dispute Tribunal.

13. In December 2010, in partnership with the Office of Human Resources Management and UNDP, the Mediation Service helped to design and execute a conflict management and workplace dispute resolution training programme targeting specific audiences. That initiative was well received by the participants, and further training programmes of this nature are being planned at Headquarters and in the field, in coordination with the Office of Human Resources Management.

C. Regional impact

Rationale for decentralization

14. By creating a single integrated and geographically decentralized Office for the provision of ombudsman and mediation services, the General Assembly made a critical investment in the informal system as a vital conduit for enhancing individual productivity and promoting organizational health. As envisaged by the panel of experts that reviewed the United Nations internal justice system (the Redesign Panel), the decentralization of services was intended to provide "easier access and quicker response", which would bring "important benefits to the justice system as a whole".[3]

15. The Redesign Panel's rationale for decentralization centred on the notion that the existing ombudsman structures in the Secretariat, funds and programmes and UNHCR had witnessed "a marked increase (to about 75 per cent) in the proportion of cases originating away from Headquarters" and, therefore, "for field staff in particular, decentralization [was] the only viable means of providing effective and timely informal dispute resolution". The Panel also found that, in addition to building synergies by directing employment-related concerns to a single office, decentralization would give the Office of the Ombudsman "a privileged position from which to monitor systemic problems and to recommend solutions". From the perspective of the Panel, "closing gaps of access and avoiding duplication of services [would] benefit all staff and [would] save human and financial resources, especially at the regional level".[4]

Decentralization in practice

16. In 2010 the decentralization of the integrated Office was realized. The regional arm consists of seven regional branches, located in Bangkok, Geneva, Nairobi, Santiago and Vienna and the peacekeeping missions in the Democratic Republic of the Congo and the Sudan. Prior to 2010, the real impact of decentralization could not have been fully observed, and many lessons were learned as a consequence of implementation. Bearing in mind that 2012 marks the tenth anniversary of the establishment of the first ombudsman function in the Secretariat, the Office began to review its operations, starting with the regional branches, in order to identify key achievements in their first year of operation and challenges that needed to be addressed.

17. Overall, it was determined that the presence of ombudsmen on the ground has provided vital and easy access to staff in the field. It has also helped to develop a wealth of knowledge regarding specific conditions and requirements in the various regions and a deeper understanding of cultural traditions and sensitivities, particularly at the mission level. Furthermore, it has greatly assisted the Office in its outreach and advocacy efforts at the field level.

Achievements

18. The key priority for all branches in their first year of operation was the set-up, staffing and running of an efficient practice that provides in-person intervention to

[3] A/61/205, para. 47.

[4] Ibid., para. 48.

United Nations personnel in the regions for the informal resolution of workplace concerns. This has been accomplished.

19. Direct access for visitors and sustained face-to-face encounters with the regional ombudsmen has paved the way for several breakthroughs in conflict and dispute resolution cases, many of which had festered for long periods of time. It has also allowed the regional ombudsmen to build trust and credibility with their constituencies. The presence of ombudsmen on the ground has further facilitated access to senior managers and human resources personnel and expedited the settlement of workplace-related concerns brought to the attention of the ombudsmen by visitors in their respective areas. Such regular interaction has also encouraged managers to cooperate with the Office and to seek its services for the resolution of workplace disputes. The regional ombudsmen have started to mediate cases and collaborate closely with the Mediation Service in this regard.

Outreach and advocacy in the field

20. The regional ombudsmen were very active in their outreach efforts upon deployment, engaging with all stakeholders early on and promoting awareness of the range of services offered by the integrated Office and the advantages of informal resolution in the settlement of conflict. From their perspective, word of mouth has proved to be a very cost-effective outreach tool. Satisfied visitors are often inclined to discuss their experiences with their peers and encourage them to come forward with their own grievances. The opposite is also true, which is why the establishment of a successful practice based on a solid reputation was paramount among the regional ombudsmen's priorities.

21. In the peacekeeping missions in the Sudan and the Democratic Republic of the Congo, visits to field offices proved very effective, since staff in the remote field often feel disconnected from their headquarters and do not have the same access to the services offered by the Office. Other gaps in access, such as to special political missions, are being examined to identify the best modalities for addressing the problem.

Top three areas of concern in the regional branches

22. The dominant areas of concern reported to the regional branches in 2010 were job and career, interpersonal relationships and performance management. These issues are further explored in the section on systemic issues below.

Balance between workload and resources allocated

23. Paramount among the regional ombudsmen's priorities and concerns has been the need to have the resources required to be fully effective. In addition to on-site requirements, this also involves regular missions in the regions for conflict prevention and resolution and for awareness-raising purposes. Since 2010, the resources allocated to the regional offices have been very limited, with no allocations for missions or professional training.

24. In paragraph 26 of its resolution 65/251, the General Assembly requested the Secretary-General "to take fully into account the balance between the workload of the regional ombudsmen and the resources allocated to them in his future proposed programme budgets". As anticipated, the reporting period was characterized by a

70 per cent increase in cases brought forward by Secretariat personnel alone, owing in large part to the presence of regional ombudsmen on the ground. As more experience is gained, the Office will continue to monitor the balance between the workload of the regional ombudsmen and the resources allocated.

25. Given the likelihood of fluctuation in caseloads and considering the need to ensure that resource allocation is adequate to meet demands, it is suggested that any new travel resources should be centralized; such resources could then be deployed as needed to areas of high demand. This approach would provide operational flexibility, which would allow for maximum use of the resources.

Challenges

26. Efforts by the regional ombudsmen during their first year of operation were met with two types of challenges: administrative and conceptual. The administrative challenges involved budget, access and time constraints. The conceptual challenge lies in promoting a culture of trust and conflict prevention throughout the Organization.

27. The volatile political and security situations in the countries covered by the regional branches in the peacekeeping missions has often hampered their access to staff serving in those areas. Owing to budgetary constraints and the fact that the Office is still operating on its pre-expansion budget in terms of its travel allocations, the ability of the regional ombudsmen to conduct the necessary missions in their respective areas of operation has been limited. Therefore, staff members located outside the duty stations do not enjoy the same access or assistance afforded to those who have direct access to the regional ombudsmen in their areas and who could meet with them face to face to address their concerns. The provision of budgetary resources for travel to remote areas is crucial.

28. It has been found that tangible support among senior-level managers for informal conflict resolution is an incentive for staff to approach the Office and seek intervention. Without such commitment to the process on the part of management, staff members are reluctant to come forward. Experience has also shown that some managers feel limited in their ability to exercise flexibility in the resolution of cases because of either perceived rigidity in the rules and regulations or limitations in their delegated authority.

Lessons learned

29. Conditions in peacekeeping missions, which in some cases involve living and working together in the same compound, create conflicts of a specific nature. Therefore, from the perspective of the ombudsmen in the peacekeeping missions in the Democratic Republic of the Congo and the Sudan, being on the ground is essential to better understand the complex dynamics and context in which such work-related conflicts appear and provides the most effective means of intervention for informal conflict resolution. In addition to deepening its understanding of the regional context, decentralization has better enabled the Office to identify regions where ombudsman services are most required, particularly in the peacekeeping missions.

30. Parties in conflict tend to resort to the various mechanisms available in the formal and informal components of the internal justice system based on their

perception of what those mechanisms could offer them. Some believe that they would get a resolution more quickly if they pushed conflicts up the hierarchy (hoping that a superior will impose a solution) or that they would attain lucrative financial settlements in the formal system (again hoping for a solution to be imposed), often losing sight of the long-term and sustainable benefits of informal resolution. Getting people to take responsibility for resolving their workplace concerns themselves is a challenge often faced by practitioners in the informal system. Therefore, efforts to promote the informal system, both within the Office of the Ombudsman and beyond, should focus on the importance of early conflict prevention and conflict management. In this context, the regional ombudsmen will continue to collaborate with relevant stakeholders both in the field and at Headquarters to promote such an approach.

D. Update regarding implementation of incentives for informal resolution

31. At its sixty-fifth session, the General Assembly considered a set of incentives intended to encourage recourse to informal resolution,[5] which were prepared by the Office of the United Nations Ombudsman and Mediation Services upon request by the Assembly.[6] The proposals, which were formulated on the basis of lessons learned and best practices in similar offices in international organizations, were discussed with the Staff-Management Coordination Committee at its session held in Beirut in June 2010. They included proposals regarding the need to increase awareness of the mandate and activities of the Office and the benefits of informal resolution; encouraging managers to cooperate with the Office and to respond in timely fashion when approached by it; improving access by deploying rapid response teams; amending the Staff Rules regarding the tolling of time limits; building conflict competence; and greater expression of support for informal resolution from the Organization, managers and staff associations.

32. The General Assembly, reaffirming that the informal resolution of conflict is a crucial element of the system of administration of justice, favourably considered the incentives proposed by the Office. In paragraph 22 of its resolution 65/251, the Assembly recalled the recommendations contained in paragraphs 124 to 126 and 128 to 133 of the Secretary-General's report (A/65/303) and requested the Secretary-General to ensure full implementation of those recommendations that were readily implementable and that did not require additional resources or amendments to the Staff Regulations and Rules, and to include all other recommendations in his proposed programme budget for the biennium 2012-2013.

33. The present section provides an update with respect to ongoing efforts to implement the incentives for informal resolution endorsed by the General Assembly. The Office is encouraged that the stakeholders have started to implement the incentives and will continue to work in partnership with all concerned, including on the staff and management sides, to ensure that the incentives are fully implemented.

34. One significant development in this area, building on the Deputy Secretary-General's earlier guidance to senior managers, involves directives sent by the Under-Secretary-General for Management to all heads of departments and offices in

[5] See A/65/303, sect. V.

[6] Resolution 63/253, para. 20.

January 2011. That communication emphasized the important role that the informal component of the justice system plays in the working environment, highlighting the benefits of informal resolution and urging managers to respond immediately to any request from the Office for information, input, etc., and in any event, no later than 30 days after the request is made. The Office is already seeing the impact of this directive in the shorter response time observed in the handling of several cases.

35. A second important development is in the area of conflict competence and building the capacity of staff and managers to deal with conflict situations that arise in the workplace and to make effective use of the informal system. In this context, the Office of the United Nations Ombudsman and Mediation Services is partnering with the Office of Human Resources Management, among others, to offer dispute resolution training to key partners in the broader system of administration of justice and other interested staff. Bearing in mind the importance of conflict prevention and conflict management in any organizational setting, the integrated Office will continue that partnership to enhance specialized training in conflict management in the various duty stations.

36. Other developments in the implementation of the incentives include the preparation of feedback reports by the United Nations Ombudsman for selected departments in the Secretariat, identifying systemic issues and patterns in their areas. Two of those feedback reports have already been submitted. This practice will be progressively expanded to all departments. Furthermore, the United Nations Ombudsman has been invited by the Deputy Secretary-General to participate in meetings of the Management Performance Board and the Management Committee. Such ongoing collaboration and strong support by the Secretary-General and Deputy Secretary-General for the informal resolution process has yielded positive results: informal resolution is now included as an element of effective leadership in the Secretary-General's compacts with senior managers.

37. With respect to the proposals put forward by the Office for amending the Staff Rules, the General Assembly, in paragraph 23 of its resolution 65/251, requested the Secretary-General, in consultation with relevant stakeholders, to submit a proposal to the Assembly at its sixty-sixth session. In this context, the Office of Human Resources Management is planning to review chapters X and XI of the Staff Rules, on the system of administration of justice, when the amendment of staff rule 11.1 (c) is addressed. Further updates regarding the implementation of the incentives for informal resolution will be provided in future activity reports.

E. Outreach and advocacy

Advocating for a culture of collaboration and conflict prevention

38. In 2010, the integrated Office consolidated its outreach efforts in a number of areas, in the spirit of the General Assembly's direction on informal resolution, including with regard to the need for better access to staff and further reliance on the informal system. The ombudsmen of the Secretariat, funds and programmes and UNHCR continued to coordinate their outreach activities on the basis of common principles that allow for synergies and for concerted promotion of a culture of collaboration and alternative dispute resolution within the United Nations system. While guided by common principles, the various entities tailored their outreach campaigns to the specific needs of their respective constituencies.

Joint communication tools

39. Outreach activities, such as presentations, meetings, training workshops, videoteleconferences and missions, constitute an important component of the work of the Office and formed a platform on which to explain the whole range of services the Ombudsman can provide, including the coaching role. They are also aimed at providing employees with conflict management skills through training that will help them to prevent conflict and to address badly managed conflict early and effectively.

40. A key component of joint outreach activities is the website, which serves as a gateway to information in all six official languages about the Office and the services it delivers. The Office initiated contact with all field operations to inform them about the website and how to ensure web access to the Office Intranet.

41. To enhance the visibility of the Office, a poster highlighting the key principles of informal resolution was distributed to offices at Headquarters and in the field. Several requests for additional materials were made for further distribution to field offices. Other communication tools prepared jointly by the Secretariat, funds and programmes and UNHCR include presentations and articles for United Nations Intranets regarding the Office and the benefits of informal resolution.

Outreach to field-based staff and duty stations outside Headquarters

42. The ability to provide in-person intervention to staff located outside Headquarters increased significantly in 2010 through the presence of the regional branches. Outreach efforts gained new momentum by focusing on a variety of activities in each region, including meetings with staff, senior management, staff representatives and other key stakeholders. Outreach travel to field missions and established duty stations, in conjunction with the provision of ombudsman services, was also carried out to the extent permitted by budget constraints.

43. In the Secretariat, field missions conducted for in-person intervention to resolve disputes were also used to promote awareness of informal conflict resolution. These consisted of meetings with senior management and staff representation bodies, as well as town hall meetings to raise awareness of the mandate and activities of the Office. Travelling delegations also handled individual cases for the settlement of workplace concerns. It should be noted that special efforts were made to reach out to national staff. Such missions, which were undertaken to the extent permitted by budget constraints under the peacekeeping support account, included those to the United Nations Operation in Côte d'Ivoire, the United Nations Mission in Liberia, the United Nations Interim Force in Lebanon, the United Nations Disengagement Observer Force, the United Nations Truce Supervision Organization (UNTSO), the United Nations Integrated Mission in Timor-Leste and the United Nations Mission for the Referendum in Western Sahara (MINURSO).

44. Efforts in the peacekeeping area also included participation in videoconferences with senior managers in field operations, including UNTSO and MINURSO. Missions carried out under the regular budget have included those to the Economic and Social Commission for Western Asia and the Economic Commission for Africa.

45. In 2010, the Ombudsmen for the funds and programmes conducted five field missions in four regions. The UNHCR Ombudsman's Office conducted field

missions in conjunction with Respectful Workplace Adviser workshops in Eastern Europe and Southern Africa.

Outreach to senior management and other stakeholder groups

46. During the reporting period, special outreach efforts focused on highlighting to key stakeholders the added organizational value of informal conflict resolution. The United Nations Ombudsman moderated a session during the Secretary-General's 2010 senior management retreat on how to build trust between staff and management through institutional reforms. The United Nations Ombudsman also participated in meetings of the Management Performance Board, the Management Committee, the Staff-Management Coordination Committee (Beirut, June 2010) and several senior management team meetings at the departmental level. Such efforts increased the awareness of senior managers regarding the benefits of informal resolution and garnered further commitment to the informal process. This was evidenced by the greater number of cases referred to the Office by senior managers.

47. In the context of joint efforts to enhance cooperation with external stakeholders and to exchange best practices, the ombudsmen in the Secretariat and the funds and programmes participated in the annual meeting of the International Ombudsman Association held in New Orleans, United States of America, in April 2010 and, together with the UNHCR Ombudsman, in the meeting of the ombudsmen and mediators of the United Nations system and related international organizations held in Paris in September 2010.

48. The Ombudsmen for the funds and programmes participated in three UNDP regional-cluster meetings, where they met with management and staff representatives. The Ombudsmen were also invited to give a presentation to 300 managers assembled at the United Nations Population Fund (UNFPA) annual global meeting. Additionally, the Ombudsmen addressed United Nations Children's Fund (UNICEF) security advisers and gave presentations to the UNICEF Division of Information Technology Solutions and Services in their transformative mediation skills workshop. The Ombudsmen also welcomed the opportunity to address newly recruited resident coordinators at the leadership and management-training workshop held in New York.

49. As part of its outreach activities, in 2010 the UNHCR Ombudsman's Office continued to expand its network of Respectful Workplace Advisers. The objective is to prevent or reduce the intensity of conflicts by addressing them promptly and at their source, while ensuring that relevant information is available regarding avenues through which interested individuals can seek advice and assistance or register a complaint. The Respectful Workplace Adviser programme is based on a model developed by the World Bank and involves (a) the nomination and selection, through a confidential voting system, of trusted colleagues as Respectful Workplace Advisers; (b) a workshop; and (c) subsequent back-up support provided by the UNHCR Ombudsman's Office. The Respectful Workplace Advisers share an issue report every four months with the UNHCR Ombudsman's Office.

Conflict resolution day

50. On 21 October 2010, the Office of the United Nations Ombudsman and Mediation Services celebrated conflict resolution day with staff from the Secretariat and the funds and programmes. Open houses were held in Nairobi and Santiago to

promote the use of informal conflict resolution and to give the various stakeholders involved in the resolution of workplace disputes an insight into the work of the Office and an opportunity to meet and greet the staff. The regional branch in Nairobi marked the event by presenting a series of short, inspirational video clips illustrating instances where the theory underlying conflict resolution was applied in schools, in the workplace and on the global stage. The feedback received indicated that the videos allowed participants to view their interactions both at the workplace and at home from a different perspective. The office in Santiago, serving Latin America and the Caribbean, also held an open-door day, which was well attended by staff in the region. In welcoming this initiative, the Executive Secretary of the Economic Commission for Latin America and the Caribbean noted that, thanks to the work of the regional Ombudsman, the organization was better equipped to address and resolve work-related differences for the benefit of all. The Office is planning to celebrate conflict resolution day on an annual basis.

Building conflict competence

51. The Office of the United Nations Ombudsman and Mediation Services partnered with the Office of Human Resources Management and UNDP to offer a conflict management and workplace dispute resolution training programme to key partners in the broader administration of justice system and other interested staff. Nearly 100 staff from the United Nations Secretariat, UNDP, UNICEF, UNOPS, UNFPA and the World Food Programme (WFP) participated in that successful training event. The feedback was positive. One participant, after learning about the various tools of informal dispute resolution and in particular about the mediation services offered by the Ombudsman's Office, commented, "I did not realize that mediation has such power in transforming a seemingly intractable conflict". Another said, "We should expose staff at large to this valuable process and make more use of it as managers".

52. In July 2010, UNHCR conducted a workshop for Respectful Workplace Advisers for selected staff from countries in Central, Eastern and South-Eastern Europe, and in October 2010, jointly with WFP, a similar workshop was held for staff from countries in Southern Africa. The purpose of the workshops was to prepare staff in the field for a possible volunteer role as Respectful Workplace Advisers. In 2009, a Respectful Workplace Adviser workshop was conducted jointly with WFP for staff from countries in East Africa, following a pilot training event in West Africa in 2007. UNHCR now has 48 active Respectful Workplace Advisers operating in 31 countries. The Respectful Workplace Adviser workshops are conducted by the UNHCR Global Learning Centre while the UNHCR Ombudsman's Office and, where applicable, WFP Ombudsman's Office participate in the delivery of the training.

53. In 2010 UNHCR also took the initiative of addressing conflict management through a newly developed learning concept, namely, the Conflict Management Programme, which is to be piloted in 2011. The Programme is aimed at changing how staff deal with workplace conflicts. In addition, managers will receive special training on mediation in workplace conflicts. Starting in 2011, mediation training will also be a part of new representatives' training. The Conflict Management Programme and the representatives' training are run by the UNHCR Global Learning Centre.

54. The funds and programmes intend to re-examine the potential of the RWA programme, for which a number of pilot programmes were launched in the past, including with UNICEF. As a first resource for staff facing conflict in the country offices, the Respectful Workplace Adviser programme has proved to be useful. Cooperation with the World Bank, WFP and UNHCR will also be strengthened. In addition, the Office plans to examine UNHCR experience to offer mediation training to selected staff.

55. The Office of the United Nations Ombudsman and Mediation Services is currently working on a targeted communications strategy that would build on the progress achieved in the areas of promoting informal conflict resolution, encouraging and facilitating recourse to informal resolution by senior managers and other important stakeholders and advocating a culture of collaboration and conflict prevention. In this context, several activities will be designed for the tenth anniversary of the establishment of the ombudsman function in the United Nations, in 2012.

II. Systemic issues

A. Source and context

Issue identification and reporting

56. In paragraph 21 of its resolution 65/251, the General Assembly recalled paragraph 11 of resolution 64/233, in which it emphasized the role of the Ombudsman as a vehicle for reporting on broad systemic issues that he or she identifies, as well as issues that are brought to his or her attention, in order to promote greater harmony in the workplace. In paragraph 12 of resolution 64/233, the Assembly requested the Secretary-General to report regularly on actions taken to address the findings of the Ombudsman on systemic issues.

57. Although the high percentage of cases relating to a particular issue is a strong indicator that a systemic problem exists, there are issues that are directly identified by the Ombudsman that are systemic in nature and that have the potential for systemic impact. In identifying the systemic issues for inclusion in its annual report, the Office tries to maintain a balance between systemic issues that are characterized by case volume and other issues that may not yet produce such volume, but that are nevertheless noted as problematic and can worsen if not properly addressed.

B. Systemic issues identified during the reporting period in the Secretariat, the funds and programmes and the Office of the United Nations High Commissioner for Refugees

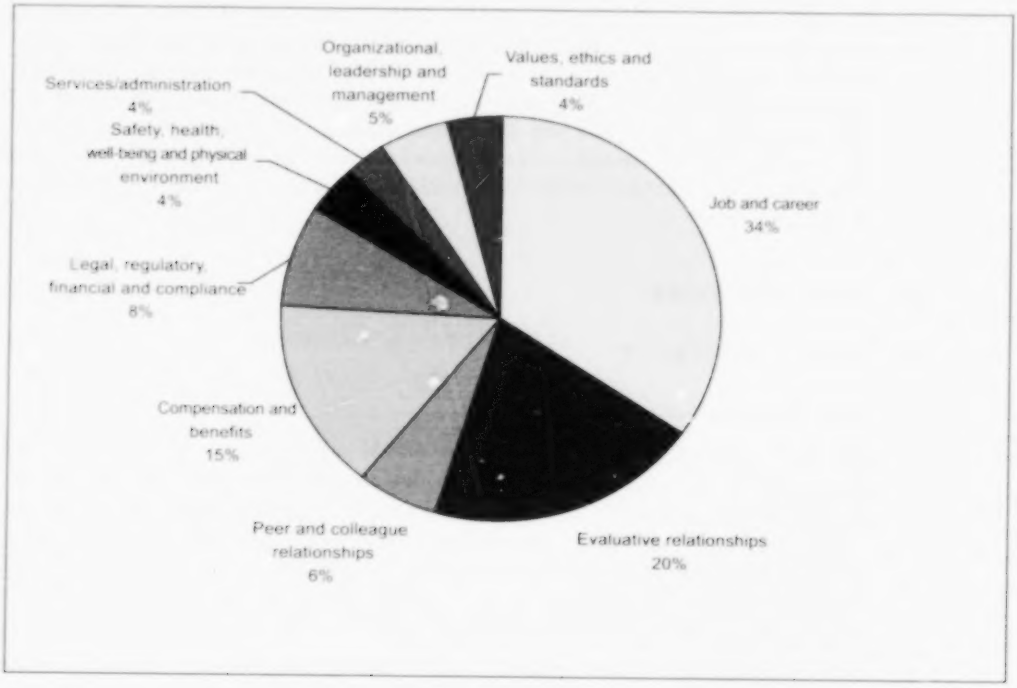
58. The Office of the United Nations Ombudsman and Mediation Services uses the issue categories defined by the International Ombudsman Association.[7] In 2010, as

[7] The categories are: job and career; evaluative relationships; compensation and benefits; legal, regulatory, financial and compliance; safety, health, well-being and environment; values, ethics and standards; peer and colleague relationships; organizational, leadership and management; and services and administration.

in 2009, the categories in which the most cases were brought to the attention of the integrated Office were job and career, evaluative (supervisory) relationships, compensation and benefits, and legal, regulatory, financial and compliance issues.

Figure I

Issues by category across the Office of the United Nations Ombudsman and Mediation Services


Organizational, leadership and management 5%
Values, ethics and standards 4%
Services/administration 4%
Safety, health, well-being and physical environment 4%
Job and career 34%
Legal, regulatory, financial and compliance 8%
Compensation and benefits 15%
Peer and colleague relationships 6%
Evaluative relationships 20%

1. Job and career

59. During the reporting period, 34 per cent of the issues brought to the attention of the integrated Office pertained to job and career issues.[8] Such concerns have been dominant for the past three years. They were also among the top concerns at the field level, as reported by the regional ombudsmen.

60. In the Secretariat, frustration over lack of career development and distrust of the selection process has been a continuous concern. One important element may be a discrepancy between the expectations of staff, who see promotion as a career satisfier, on the one hand, and the ability of the Organization, on the other hand, to meet those expectations in a changing economic environment and a changing peacekeeping landscape. In this context, there are a number of measures the Organization could take to enhance the work experience and thus the motivation of staff within existing means, so that the focus on promotion does not become the

[8] This category includes selection and recruitment, post classification, contractual arrangements, career development, assignment, loan/secondment/transfer, non-renewal of contract and termination.

default perspective from which staff view their careers. This would involve a change from a perspective that is focused on success expressed in promotions to a focus on job satisfaction through challenging assignments, career mapping and a sense of purpose and contribution. This approach would require more active engagement by managers with regard to the job satisfaction and work assignments of their staff.

61. The excessive use of temporary contracts in some regions, which are not issued to complete specific projects but rather to carry out regular functions, created a very precarious situation for many individuals who were informed about the eventual renewal of their contracts only at very short notice.

62. Gender discrimination was reported in peacekeeping missions by female visitors who complained of discrimination in recruitment processes, working relationships and matters of professional advancement. More broadly, in the Secretariat, female visitors also brought forward cases involving sexual harassment and gender discrimination.

63. In the funds and programmes, concerns pertaining to job and career-related issues manifested themselves differently depending on the category of staff. For example, significantly more national Professional and support service staff complained about job application and selection processes than did international Professional staff. This might indicate a need to provide greater opportunities for career progression to staff at the national Professional and support service levels, since they do not usually receive as many opportunities for exposure and career advancement as their international colleagues. Another distinction in this category is that more female than male staff came to the Office with concerns about career progression and opportunities.

64. At UNHCR, concerns about job application and selection and recruitment processes and non-renewal of contracts were raised frequently, with career progression and opportunities the third most frequent concern. It was noted that career-progression concerns were more frequently brought up by women than men. Problems relating to non-renewal of contracts were almost exclusively raised by categories other than international Professional staff.

Managed reassignment between missions

65. It has come to the attention of the Office that a number of staff have served in the same mission for years, including at hardship duty stations, with no career prospects or opportunities for growth or change, including lateral transfers. A roster system has now been established for the missions, which is expected to help address these types of concerns more effectively.

Eligibility of temporary staff

66. Cases brought to the United Nations Ombudsman involved different interpretations in the application of the rules designed to allow temporary staff with external status to apply for posts at any level that they feel they can reasonably compete for. Since the rule governing these cases is clearly worded,[9] the systemic

[9] The rules do not suspend the rules governing the G-to-P process, although this was argued by some staff. The Office of Human Resources Management will provide clarification in the relevant instruction at the next opportunity.

issue that these cases illustrate is not one of policy but of inconsistency in the application of the rules.

Recommendations

1. Human resources personnel and managers should communicate to staff at all levels information about realistic career prospects, the facts of the post pyramid, the average number of promotions for a staff member and the impact of downsizing peacekeeping missions. Managers should provide constructive but honest feedback to staff under their supervision in general and identify opportunities to promote job satisfaction. Also, staff members not selected for posts would benefit from feedback, which managers should provide if requested.

2. Staff participation is already foreseen as part of the process in the downsizing of peacekeeping missions. Managers should ensure that relevant procedures are adhered to and, where possible, strengthened through communication by managers at all levels so that staff can understand the direction and decisions taken and are enabled to make informed decisions about their future at the earliest possible time.

3. A reorientation of expectations should be undertaken to change the perception that promotion is the only avenue for a satisfactory career. Contributions at all levels should be valued, and emphasis should be placed on job satisfaction. Such a reorientation should be institutionally supported through appropriate mechanisms such as a periodic review of staff members' careers and assignments by the heads of departments in cross-departmental meetings. Such a review should focus in particular on staff members who have been in their posts for an extended period of time.

4. Managed reassignment between missions should be introduced to complement the current selection mechanism for the placement of staff in order both to avoid undue hardship and to prevent careers from going stale. The possibility of expanding the voluntary initiative for network exchanges (VINES) programme should be explored, and effective implementation of the envisaged mobility policy should be ensured.

2. Evaluative and peer and colleague relationships

67. Twenty per cent of the issues brought to the attention of integrated Office in 2010 were related to evaluative relationships, comprising 19 per cent of the cases in the Secretariat, 21 per cent in the funds and programmes and 26 per cent in UNHCR. Concerns pertaining to respectful treatment constituted the most frequent sub-issue.

Performance evaluation process

68. Providing and receiving constructive feedback in a diverse multicultural environment is a difficult and complex undertaking. The cases brought to the Ombudsman reveal weaknesses in the ability of both staff and managers to do so. Conflicts also stem from differences in the perceptions and expectations regarding the role of the manager. In most cases received throughout the integrated Office, supervisees expected a more democratic, participatory style of management, while

managers relied on more directional styles of management, often citing the need to get things done. This source of conflict is not limited to the performance evaluation process, although it is often triggered by it. Managers have sought help from the Office of the Ombudsman in dealing with staff they see as difficult, while staff who come to the Office wish to address the need to be heard or appreciated more by their managers.

Harassment and abuse of authority

69. Difficulties in interactions between supervisors and supervisees have led to complaints of harassment and abuse of authority by staff who saw no other way for their concerns to be addressed. During mission visits, this trend was also drawn to the attention of the United Nations Ombudsman by the Conduct and Discipline Units that had received complaints of this nature. Many of the complaints had festered for a long time, escalating to formal complaints, which could have been avoided through a more skilful handling of the situation by all concerned.

Mainstreaming conflict resolution skills and trust-building

70. Continued efforts are needed throughout the Organization to improve performance management skills and to mainstream conflict resolution skills as a managerial and staff competency. The latter would involve trust-building as an essential element.

71. The Office is gratified to note that the Secretary-General, on the advice of the United Nations Ombudsman, has incorporated conflict resolution skills into his compact with senior managers as one of the expected elements of leadership. It is hoped that this will have a trickle-down effect on all managers, supervisors and staff. In addition, increased training efforts on conflict resolution skills at all levels are a welcome systemic response.

72. In addition, and in the context of a review of organizational competencies by the Office of Human Resources Management, the United Nations Ombudsman proposed the incorporation of conflict resolution skills into the competencies required of all staff. The proposal was well received.

Respectful treatment

73. Respect for diversity is one of the core values of the United Nations, and all staff members are expected to express this core value in their day-to-day work. Regrettably, this is not always evidenced. Lack of respect and the resulting lack of trust are consistent triggers of conflict in any context. It has been noted that such situations often occur in missions and affect national staff in particular. Efforts are needed on the part of all concerned to ensure that this situation receives the attention it deserves.

Recommendations

1. Efforts should be increased to upgrade performance management skills throughout the Organization, including in missions, with the understanding that the evaluation process and attendant continuous dialogue are a shared responsibility for staff and managers.

2. Heads of departments and missions should be directly involved in the performance management of their staff in their respective areas of responsibility.

3. The Conduct and Discipline Units and the Office of Internal Oversight Services should highlight to managers and other appropriate officials lessons learned from complaints that may be more managerial than disciplinary in nature. Such lessons learned should be reviewed by the Management Performance Board and incorporated into leadership and managerial training programmes.

4. Ongoing efforts to mainstream conflict resolution skills throughout the Organization should continue, through training and by holding staff accountable through the evaluation mechanisms, following the example set by the Secretary-General and the Management Performance Board for senior managers.

5. Senior managers, including in the missions, should be required to set the tone for the respectful treatment of all staff and regularly reinforce that message in senior management meetings and other appropriate forums.

3. Compensation and benefits/services and administration

74. Fifteen per cent of the issues across the integrated Office in 2010 related to compensation and benefits, representing 16 per cent of cases from the Secretariat, 17 per cent from the funds and programmes and 10 per cent from UNHCR.

75. These two categories are dealt with together, as many compensation and benefits issues turned out to be as much about the way the benefits were administered and staff were treated in the process as about the benefits themselves.

Information and advice on entitlements to staff, responsiveness to queries

76. The interpretation and application of the rules does not always appear to be uniform across the system. A contributing factor may be the significant number of changes introduced through previous and ongoing reform processes and the many attendant changes in the conditions of service.

77. The Office of the United Nations Ombudsman and Mediation Services acknowledges that all relevant information is available to staff via the Intranet. In this connection, recent efforts to reorganize information on the Intranet (iSeek) to make it more accessible to users are deemed excellent by the Ombudsman. It has been noted that increased efforts for communication have been made centrally at the policymaking levels. However, there appears to be a need to better match existing information resources with effective delivery in order to allow for more effective application and communication of guidelines to staff.

Timely information to staff on changes in variable benefits

78. It was brought to the attention of the Office that changes in the rest and recuperation cycles were communicated in some cases after they had come into effect and with varying implementation dates. This made it difficult for the staff concerned to plan ahead. The Office of Human Resources Management is taking steps to address these types of situations.

Special post allowance

79. Special post allowance (SPA) is a payment to compensate for work performed at a level higher than the personal grade of the staff member. However, under the rules, its payment is discretionary, which does not guarantee equal pay for equal work, according to some visitors. The procedures for granting this allowance also involve a number of steps, which some perceive to be unnecessarily cumbersome and outdated, given that temporary assignments to a higher level are now granted only following a competitive selection process, which was not the case when the SPA rules were formulated.

Dependency benefits

80. The Office of the Ombudsman has raised with the Office of Human Resources Management concerns from separated or divorced staff members regarding which of the parents should receive the benefits for their dependent children. The Office is pleased to note that this issue will be addressed in the next issuance of the relevant administrative instruction.

Recommendations

1. The mechanisms by which staff are informed of their conditions of service should be reviewed, streamlined, standardized and strengthened at all stages of their career, namely: during the on-boarding process; during induction sessions relating to their conditions of service; when changes occur in their conditions of service throughout their careers; and at the time of separation. It should be noted that the provision of information via print or electronic media is not a substitute for, nor is it as effective as, interactive communication with the staff members concerned in a setting where they can ask questions and have their concerns addressed immediately.

2. It should be ensured that human resources and administrative staff concerned at all duty stations, including missions, are sufficiently informed and trained in the application of the rules and in client orientation to ensure consistent application of the rules in a way that makes the staff feel properly treated.

3. Guidelines for the time taken to respond to staff enquiries and other standards of client orientation should be considered.

4. Improvement in the communication of information on rest and recuperation cycles has been noted by the Office. It is important, however, to ensure that any changes in entitlements are communicated to the staff members concerned in a timely manner.

5. The special post allowance process should be reviewed with a view to streamlining its implementation and abolishing SPA panels.

4. Legal, regulatory, financial and compliance

81. In accordance with the guidelines and categories of issues established by the International Ombudsman Association, which the Office applies in its reporting, questions in this category pertain to financial, legal and disciplinary issues, which include harassment, waste, fraud, abuse of funds and investigative or disciplinary

processes. During the reporting period, 8 per cent of the issues brought to the attention of the Office were in this category, with harassment (not including sexual harassment) being the most frequent source of concern. The percentage of this type of issue was slightly higher in 2009 (10 per cent). The Ombudsmen for the funds and programmes reported that 80 per cent of the cases that came to their Office cited the other party in the conflict as either a senior manager or a direct supervisor. In the Secretariat and UNHCR, legal, regulatory, financial and compliance issues accounted for 11 and 8 per cent of cases, respectively.

Delays in investigations in possible disciplinary matters: update

82. The question of delays in investigations was addressed in the Secretary-General's last report (A/65/303); it continued to be raised as a due-process issue in 2010, and also in terms of its effect on the career development and contractual status of the staff concerned. Accordingly, the Office welcomes efforts by the Administration and the Office of Internal Oversight Services at the highest levels to address this matter. A full review has been conducted, initially under the auspices of the Deputy Secretary-General and later by the Office of Internal Oversight Services, resulting in proposals for remedying the situation in the context of an update of the current disciplinary procedures. Such an integrated approach to the issue promises to address the matter at the systemic level.

83. Although the specific cases handled are disciplinary in nature, the systemic issue is one of capacity to investigate promptly and effectively. In addition, many cases that were brought forward as harassment or abuse-of-authority complaints could have escalated unnecessarily because they were not properly handled by the parties concerned. Therefore, efforts to strengthen performance management and conflict resolution skills system-wide may help to reduce the frequency of this problem.

5. Organizational, leadership and management

84. Five per cent of the issues brought to the attention of the Office were related to organizational, leadership and management matters, representing 8 per cent of cases in UNHCR, 8 per cent in the funds and programmes and 4 per cent in the Secretariat. Questions in this category have to do with, inter alia, the organizational climate and change management, as well as leadership in the organization and management styles.

Strengthening a culture of informal conflict resolution

85. Directives from senior management to all heads of offices and departments encouraging recourse and better responsiveness to informal resolution have been largely effective in further engaging managers and administrators in the process. It will be critical to pursue such efforts and to secure a more focused and sustained engagement on the part of all concerned in order to make the informal process even more effective. Experience has shown that where parties are constructively engaged early on, positive results can be achieved, creating further trust in informal conflict resolution and shifting the culture from one of confrontation to one of dialogue and mutual problem-solving.

Change management

86. Generally, reforms that help the Organization to keep up with the times, fulfil its mandate and remain a competitive and attractive employer are welcomed by both staff and management. However, the succession of various reforms over the last decade, some of which have required staff to do more without additional resources, appears to have left both staff and management reform-weary. A particular difficulty that the Office has discerned is in the conceptualization and implementation of such reform initiatives, that is to say, how the need for change is determined and later communicated to the various constituencies; the extent to which staff are involved in change management initiatives to ensure their acceptance of, and commitment to, such processes; and whether the necessary resources and training mechanisms are available or will be made available to make reform sustainable.

Recommendations

Issues of change management and organizational managerial culture, including accountability, should be taken up at the highest level, such as the Management Performance Board. Change requires a communication strategy and the participation of staff in decision-making to ensure their buy-in and engagement in the process. Every effort should be made to see how such participation could be strengthened. Most importantly, any reform should be planned with due regard to implementation and the provision of the necessary resources and support for the transitional periods. The most recent reform initiative may be an excellent opportunity to approach ongoing and further reforms with the above in mind.

6. Safety, health, well-being, stress and work/life

87. Issues relating to (a) safety, health, well-being, stress and work/life, (b) values, ethics and standards and (c) services and administration amounted to 4 per cent of the overall issues across the integrated Office.

Handling of emergencies and crises as they affect staff: update and new issue

88. One of the core functions of the United Nations is to help others in crisis. Unfortunately, with targeted attacks on United Nations personnel and large-scale natural catastrophes also affecting large numbers of employees, it has become necessary for the Organization to devise action plans and special measures to address the needs of staff in the aftermath of such events. The Office of the Ombudsman has been engaged with this issue for some time. It welcomed the establishment of the Emergency Preparedness and Support Team in the Office of Human Resources Management as a first step. The Office further welcomes the increased attention and support provided to that Team.[10] The Office of the Ombudsman also salutes the considerable efforts devoted to the compilation of lessons learned by the Department of Management and the Department of Field Support. The Office of the Ombudsman will work with the Emergency Preparedness and Support Team in sharing systemic trends and patterns identified following emergency situations and best practices derived from its experience in this area.

[10] See the recommendations and updates in A/62/311, A/64/314 and A/65/303.

89. Another concern is the effective implementation of special post-crisis measures and the need to examine such measures or exceptions in crisis situations with a view to enhancing the Organization's ability to implement them before communicating them. In this context, the Office of the Ombudsman is working with all stakeholders — individual staff members, staff unions, management and administration — to resolve outstanding issues.

Health and safety issues

90. Cases involving medical issues, particularly from the field, revealed that most concerns are linked to health and safety policy issues, which signals the need for a comprehensive health and safety policy for all United Nations staff. The Office notes that one of the recommendations made by the United Nations Medical Directors Working Group is for the adoption of an occupational safety and health policy. The Office welcomes that recommendation and believes that any such policy must also take into account the correlation between poorly managed conflict and the potential for adverse health consequences.

91. For example, absenteeism is one of the issues often brought to the attention of the Ombudsman, specifically, the tendency for staff members who may be experiencing higher than normal levels of stress owing to work-related conflicts to go on extended sick leave. When they return to work they often find, far from an improved work environment, that the situation deteriorates further, bringing additional impacts on colleagues who may have been sympathetic before the leave period but who subsequently became resentful because they had to take on all or part of the additional work created by the absence. Absenteeism, therefore, as an aspect of workplace conflict, is an issue that should be addressed in its entirety given its potential impact on productivity and morale.

92. Visitors to the integrated Office also expressed concerns regarding the procedures governing the selection of doctors for the medical boards tasked with the review of complaints. In accordance with current guidelines, the administration selects one doctor and the staff member another; those two doctors then need to agree on a third. The two selected doctors sometimes fail to reach an agreement on a third, resulting in a delay that can last a long time. In reviewing such cases, the Office noted that the Medical Board and the Board of the United Nations Joint Staff Pension Fund, among others, are vestiges of the old system and do not have a mechanism for informal dispute resolution. In the new system of administration of justice, where emphasis is placed on informal dispute resolution, there may be a need to revisit the policy and procedures for the workings of such boards.

Recommendations

1. In devising special measures for staff affected by crisis, due regard should be given to effective implementation so that the proposed measures actually alleviate the problem they are intended to address. To this end, the development of templates and measures for potential scenarios without the pressure of an actual crisis may be useful. Improved cooperation in this area between the Department of Management, the Office of Human Resources Management, medical services, and the Department of Field Support, both at Headquarters and in field operations, is encouraging and deserves recognition. It should also be mentioned that, subsequently, a significant number of special

measures that were extremely helpful to the staff concerned were implemented without the sort of difficulties and resulting cases mentioned above.

2. Staff should feel free to bring up their concerns with the Office of the Ombudsman and be respected if they do so. Staff should not be concerned that when they approach the Ombudsman's Office or when they enter the formal complaint mechanism they will face retaliation or reprisal or that they will be ostracized or acquire a bad reputation.

3. A comprehensive occupational health and safety policy should be established. It should take into account the potential for adverse health consequences of poorly managed conflicts.

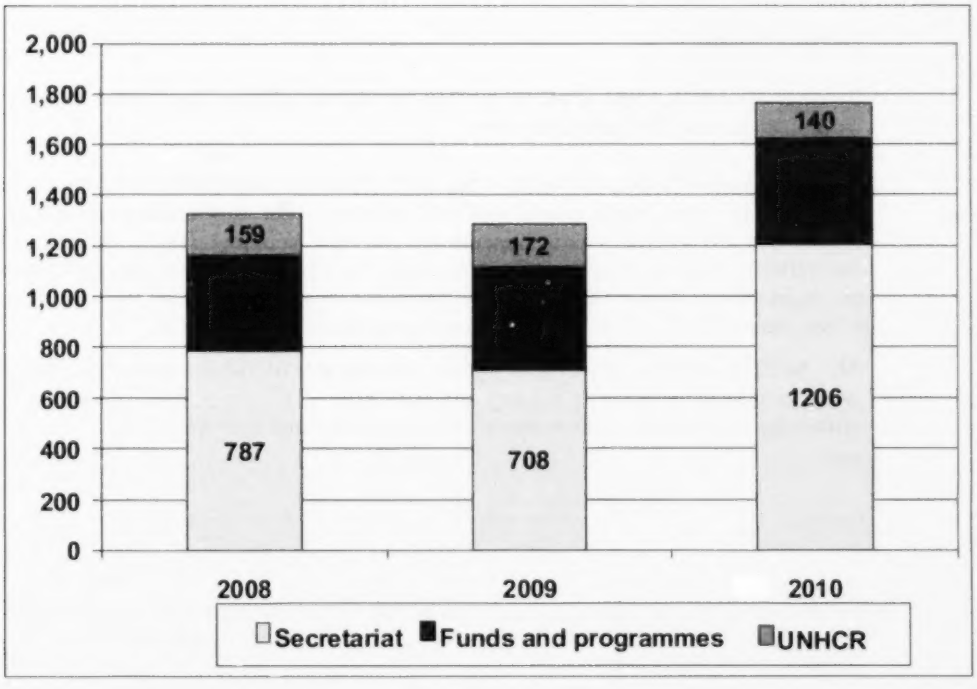
4. The guidelines pertaining to the review of cases by the Medical Board should be revised to include, among other things, the possibility of informal dispute resolution.

III. Statistical information: ombudsman services

A. Case volume

93. In 2010, the integrated Office registered a 35 per cent increase in its caseload, with a total of 1,764 cases in 2010 compared to 1,287 in 2009.

Figure II
Number of cases opened across the Office of the United Nations Ombudsman and Mediation Services, 2008-2010



94. In the Secretariat, there was a higher demand for services during the reporting period, and the case volume increased by 70 per cent between 2009 and 2010. The regional branches opened a total of 725 cases in 2010, which was also a factor in the sizeable increase. Staff of the integrated Office continued to work beyond the call of duty to meet the demand and to ensure quality in service delivery despite the challenges posed by such an increase. It should be noted that the level of complexity tends to vary greatly from one case to another. Visitors frequently bring forward one case with multiple issues that may involve different policies and practices, which could require interaction with different stakeholders. For example, a visitor may approach the Office regarding non-selection for a post, which might also have an impact on performance evaluation, contractual status, entitlements, benefits, etc.

95. Cases are registered according to the number of visitors and not the number of issues they raise. The time taken for resolution, depending on the complexity of the issues raised, generally ranges from two weeks to three months. This involves multiple sessions with each visitor and several contacts with relevant stakeholders on behalf of the visitor, including shuttle mediation, to discuss the various aspects of each matter and reach a mutually agreeable solution.

96. The Ombudsmen for the funds and programmes opened 418 cases in 2010.[11] During the first half of the year, pending the arrival of the new Ombudsmen, the total number of visitors remained stable owing to the reduced capacity to address cases. The caseload increased significantly in the second half of the year following the arrival of the Ombudsmen.

97. The UNHCR Ombudsman received 140 visitors in 2010, slightly fewer than in 2009. In addition, the UNHCR Respectful Workplace Adviser network, which was expanded at the end of 2009 and in 2010, received 65 visitors, who raised 87 issues.

B. Demographics

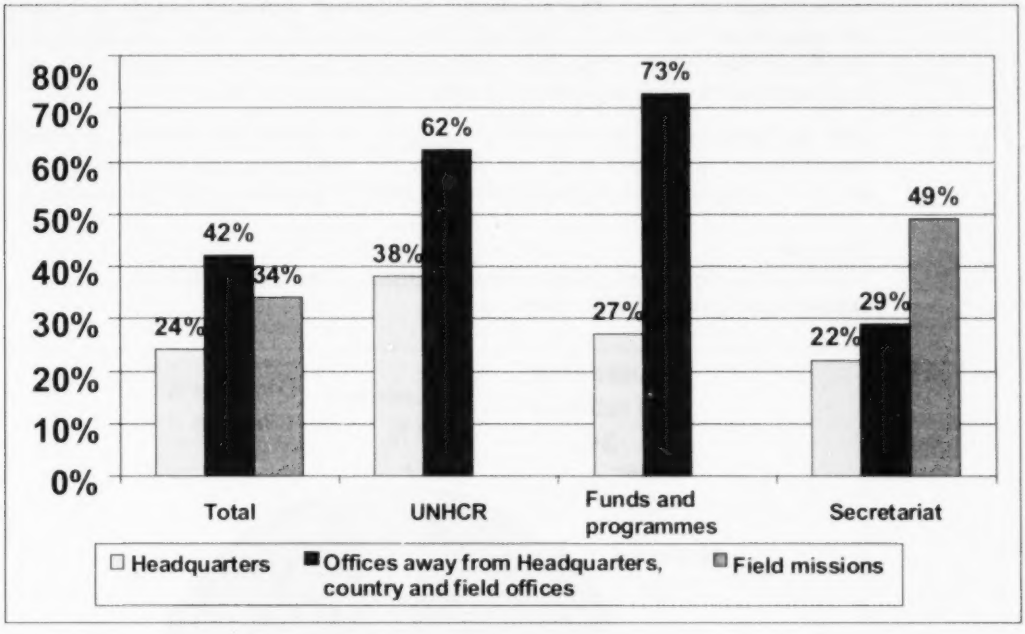
Number of cases by type of office location across the Office of the United Nations Ombudsman and Mediation Services

98. The types of office locations in the Secretariat are Headquarters in New York, offices away from Headquarters and field missions. For funds and programmes, office types are headquarters in Copenhagen and New York and country offices, and for UNHCR they are headquarters in Geneva, the Budapest Global Service Centre and field offices. Figure III shows how the breakdown of visitors by type of office varies among the Secretariat, the funds and programmes and UNHCR.

99. In 2010, as in the previous two years, the majority of visitors worked in offices away from headquarters and country and field offices. However, the distribution of visitors by location varies from one sector to the other and over time.

[11] The Ombudsmen for the funds and programmes and the Ombudsman for UNHCR issue separate annual reports, which are available on the website of the Office of the United Nations Ombudsman and Mediation Services.

Figure III
Cases by type of office location across the Office of the United Nations Ombudsman and Mediation Services and in the different entities, 2010



100. The proportion of cases from field missions (which are part of the Secretariat only) increased from 24 per cent in 2009 to 34 per cent in 2010. The share of cases from this category of personnel could increase further in the future, as 60 per cent of Secretariat staff serve in field missions.

101. In the funds and programmes, 73 per cent of the cases addressed during the reporting period were from country offices and 27 per cent from headquarters locations. This is consistent with results from previous years and reflects the field-oriented nature of the organizations.

102. As was the case in 2009, 38 per cent of visitors from UNHCR came from headquarters locations and 62 per cent from offices in the field. This information suggests that the reversion of the pattern observed prior to 2008 has stabilized, which can be attributed to a greater awareness of the role and the function of the Office of the Ombudsman as a result of field missions and, in particular, following a further expansion of the Respectful Workplace Adviser network, jointly with WFP.

Occupational groups across the Office of the United Nations Ombudsman and Mediation Services

103. Since 2008, the largest occupational group of visitors to UNOMS has been staff in the Professional category (44 per cent), followed by support staff (19 per cent, compared to 26 per cent in 2008 and 2009).

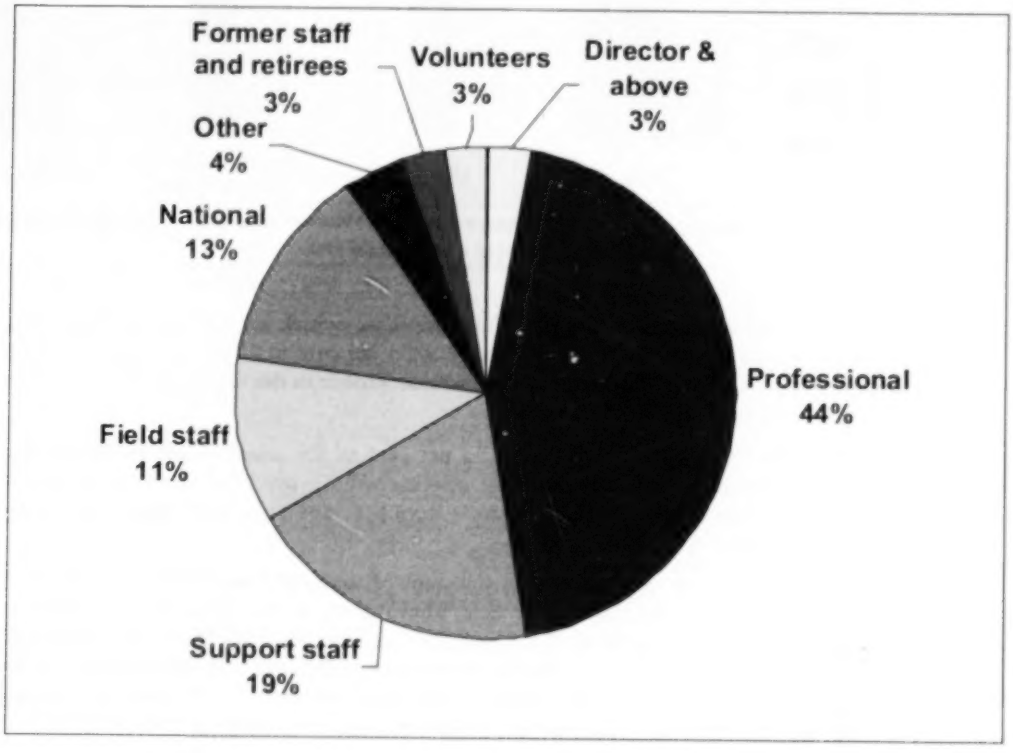
104. Only the Secretariat has a specific occupational group of field staff, which consists of international support staff working exclusively in field missions

(peacekeeping and special political missions). Field staff constituted 11 per cent of the total number of Secretariat visitors.

105. The proportion of visitors from occupational groups deployed outside Headquarters increased. The percentage of national staff who sought assistance increased from 7 per cent in 2008 and 2009 to 13 per cent in 2010. The percentage of visitors belonging to the field staff category, specific to the Secretariat, also increased from 8 per cent in 2008 and 2009 to 11 per cent in 2010.

106. The proportions of visitors belonging to the remaining three occupational categories — (a) former staff and retirees, (b) volunteers and (c) Director and above — remained stable between 2008 and 2010, at approximately 3 per cent each.

Figure IV
Visitors by occupational group across the Office of the United Nations Ombudsman and Mediation Services



107. In the Secretariat, 41 per cent of visitors belonged to the Professional category and 17 per cent of cases were initiated by support staff.

108. In the funds and programmes, as in the past, visitors in majority of cases (54 per cent) were staff from the Professional and higher categories. In the General Service category, more female (56 per cent) than male visitors contacted the Office.

109. In UNHCR, two thirds of the visitors came from the Professional category, representing a small pro rata increase compared to the year before. The number of support staff visiting the Ombudsman's Office decreased somewhat, but the decrease was more than offset (although not included in the statistics) by the number of staff visiting the Respectful Workplace Advisers. The number of senior-level personnel (P-5 and above) contacting the Ombudsman's Office for advice, either about their own concerns or their concerns as managers, remained at just over 10 per cent.

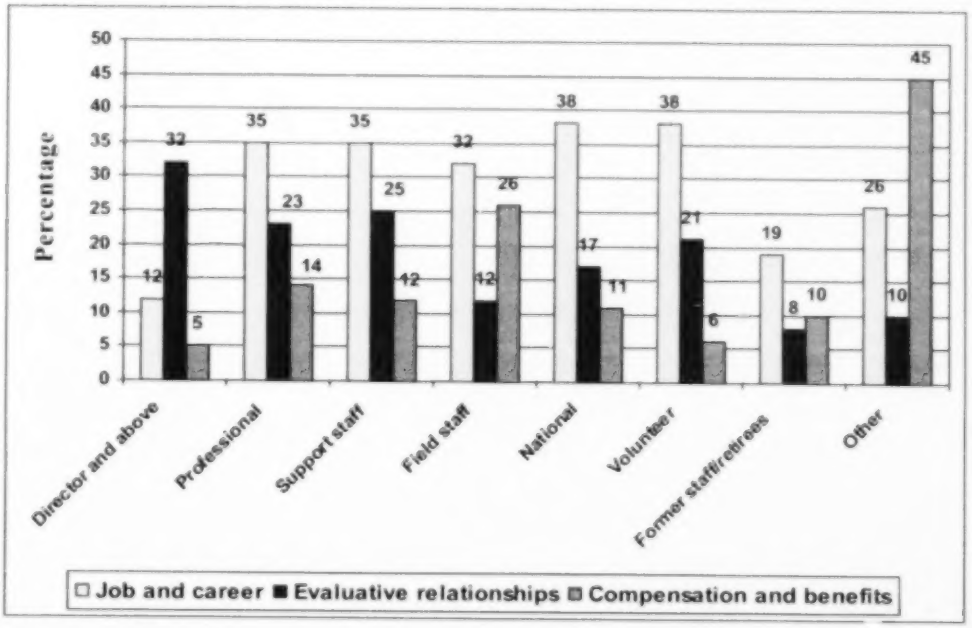
C. Issue distribution by occupational group

110. The overall distribution of issues varies from one occupational group to another. However, some groups share similarities. For instance, the distribution of the three main types of issues is the same among Professionals, support staff, national staff and volunteers, with job and career issues being the most prevalent, followed by evaluative relationships and compensation and benefits.

111. Visitors from the field staff category, specific to the Secretariat, displayed a slightly different distribution: job and career constituted their main category, compensation and benefits came second and evaluative relationships third. The Director and above category shows a particular pattern: for this group, evaluative relationships are the primary type of issue, followed by job and career and compensation and benefits. The main issue for staff in the "other" category is compensation and benefits.

Figure V

Types of issues by occupational group of visitors across the Office of the United Nations Ombudsman and Mediation Services



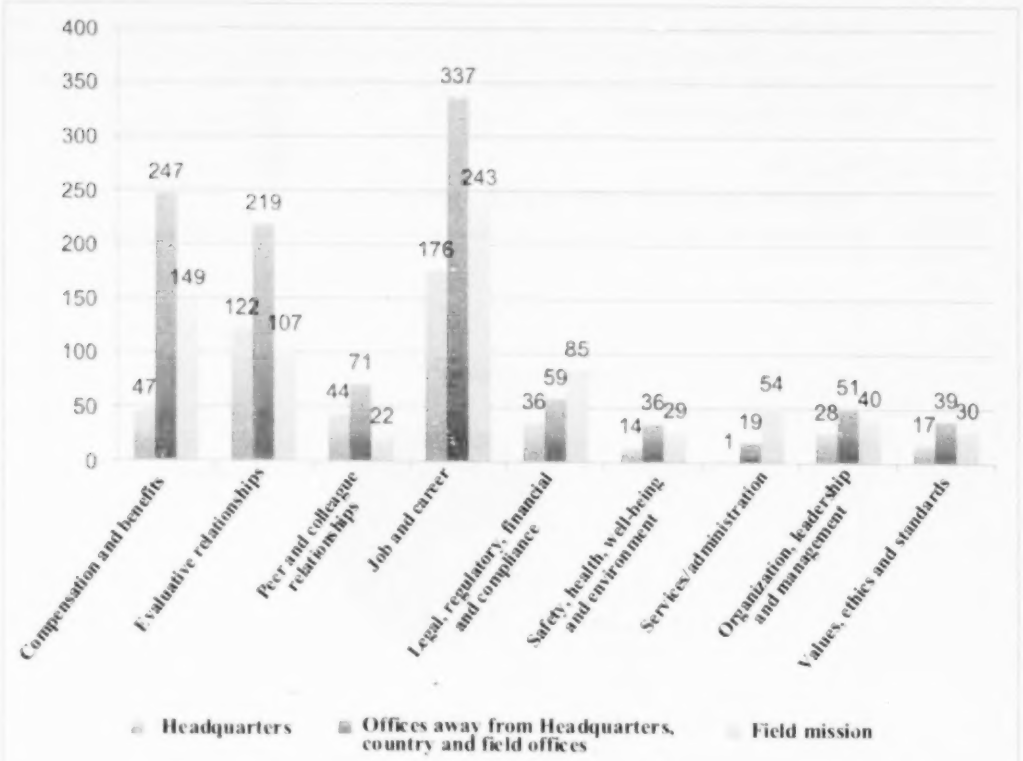
112. Conflict concerning workplace relationships is the second most frequent issue that brings staff to the Office of the Ombudsmen for the funds and programmes, accounting for 30 per cent of cases in 2010. More female staff requested assistance on relationship matters than their male counterparts. Staff often bring to the Office claims of lack of respect and inappropriate treatment, usually in the form of inappropriate disregard for colleagues or supervisees and lack of strong and supportive communication skills. A major attribute of positive relationships in the workplace is effective communication and fostering consensus-building through communication.

113. In UNHCR, international Professional staff members most frequently raise evaluative relationship issues, followed by concerns relating to job and career. National Professional staff, by contrast, primarily bring up job and career concerns. General Service staff members mostly raise issues relating to job and career, followed by evaluative relationships and peer and colleague relationships.

D. Issues by type of office location

114. The predominant concerns raised by visitors in 2010, regardless of their location, related to job and career. The second most numerous type of issue related to evaluative relationships, with compensation and benefits ranking third. The pattern was the same in 2009. For field missions, which are specific to the Secretariat, job and career-related issues were the most numerous. Compensation and benefits and evaluative relationships ranked second and third, respectively.

Figure VI
Categories of issues by type of office location across the Office of the United Nations Ombudsman and Mediation Services



115. In the funds and programmes, 73 per cent of the cases were from the country offices and 27 per cent from headquarters. In both locations, job and career-related issues were the primary reason for the initial contact by visitors. A larger proportion of female visitors (29 per cent) had concerns about career progression or opportunities than their male counterparts (19 per cent).

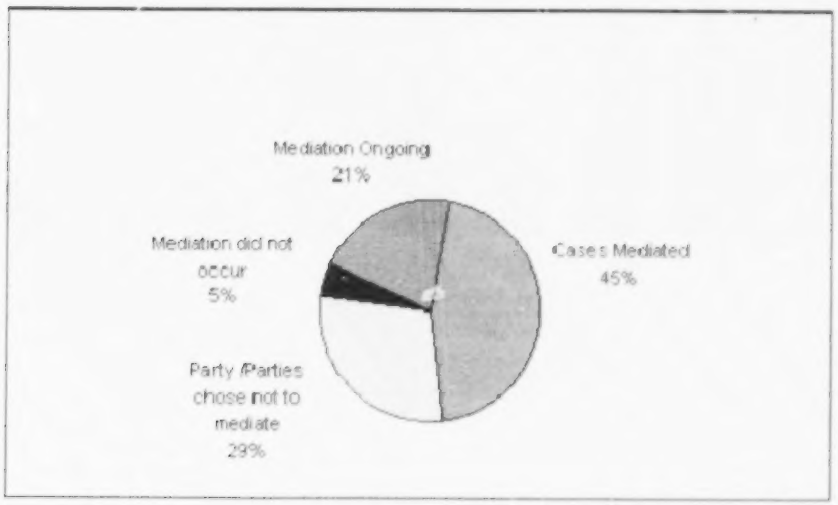
116. In UNHCR, just over one third of the issues were raised by headquarters staff. In this group, the two most frequently raised issues were evaluative relationships (33 per cent) and job and career (15 per cent). In offices away from headquarters, the two issues raised most frequently were job and career (32 per cent) and evaluative relationships (28 per cent). In this context, it is also noteworthy (although not included in the statistics presented) that the issues raised with the Respectful Workplace Advisers primarily concerned job and career (23 per cent) and peer and colleague relationships (21 per cent), while evaluative relationships constituted 15 per cent of all issues.

IV. Statistical information: mediation services

A. Case volume and outcomes

117. The present section provides statistical information with respect to cases and outcomes, demographics and types of issues mediated, covering the period from 1 July 2009 — when the new system of administration of justice was launched — until 31 December 2010.

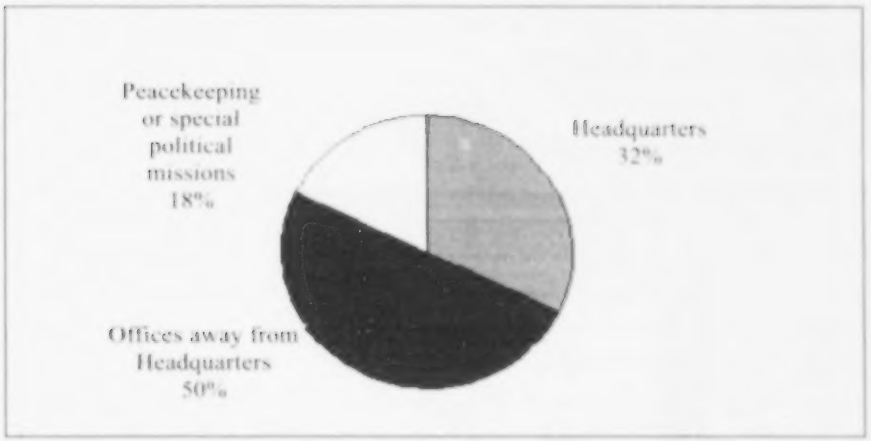
Figure VII
Mediation cases, 1 July 2009 to 31 December 2010



118. During the period from 1 July 2009 to 31 December 2010, the Mediation Service opened 62 cases, of which 28 (45 per cent) were mediated. Of the cases mediated, 21 (75 per cent) were successfully resolved and 7 (25 per cent) did not reach a successful resolution. In accordance with the mediation guidelines, the agreement of all parties to a dispute is required for mediation to proceed. A number of cases (29 per cent) were not able to be mediated owing to the fact that one or both parties chose not to mediate following a preliminary consultation, and three cases (5 per cent) were not mediated owing to other circumstances (either the case was not suitable for mediation or was resolved prior to mediation). A total of 13 cases (21 per cent) were ongoing at the end of 2010.

B. Demographics

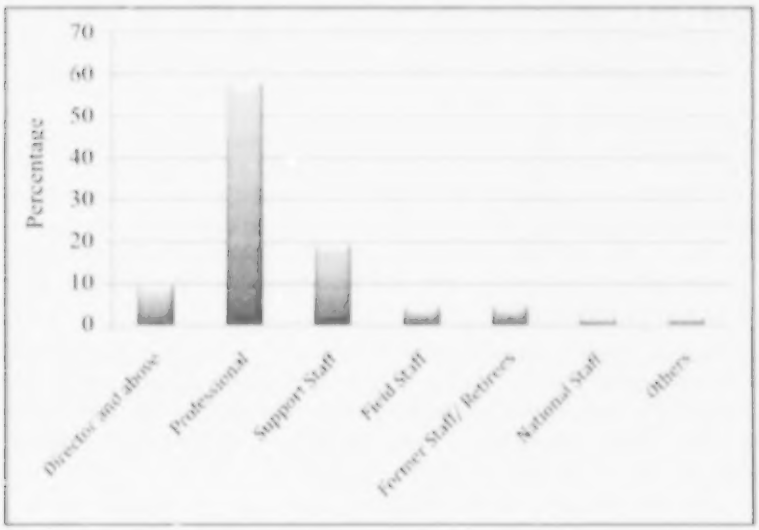
Figure VIII
Mediation demographics



119. The majority of cases that the Mediation Service handled during the reporting period originated in offices away from Headquarters (50 per cent). A total of 11 cases originated in field operations (18 per cent) and 20 (32 per cent) at Headquarters. This confirms that the majority of cases are field-based and thus that strengthened capacity is required to deal with cases in the regions.

C. Mediation cases by occupational group

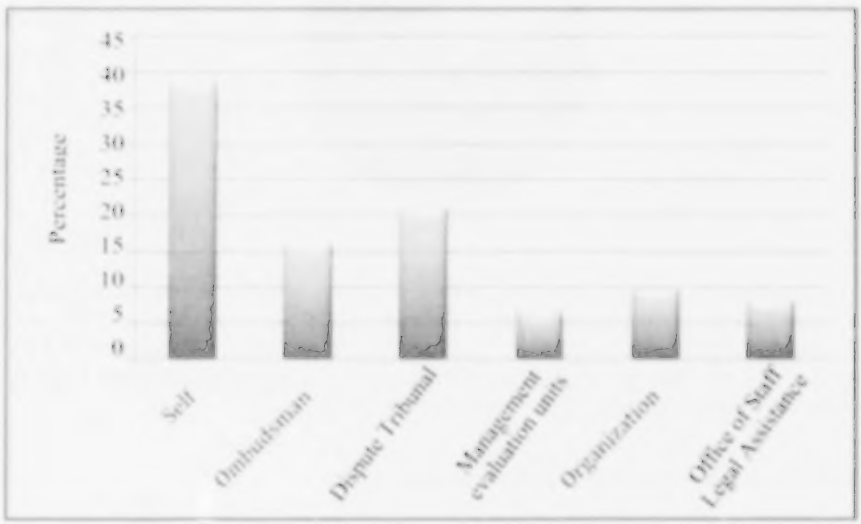
Figure IX
Mediation cases by occupational group



120. The top three occupational groups that sought or participated in mediation during the reporting period were as follows: Professional category (58 per cent), Director and above (10 per cent) and support staff (19 per cent). Those groups were followed by field staff and former staff/retirees (5 per cent each) and national staff/other (2 per cent each).

D. Mediation cases by source

Figure X
Mediation cases by source



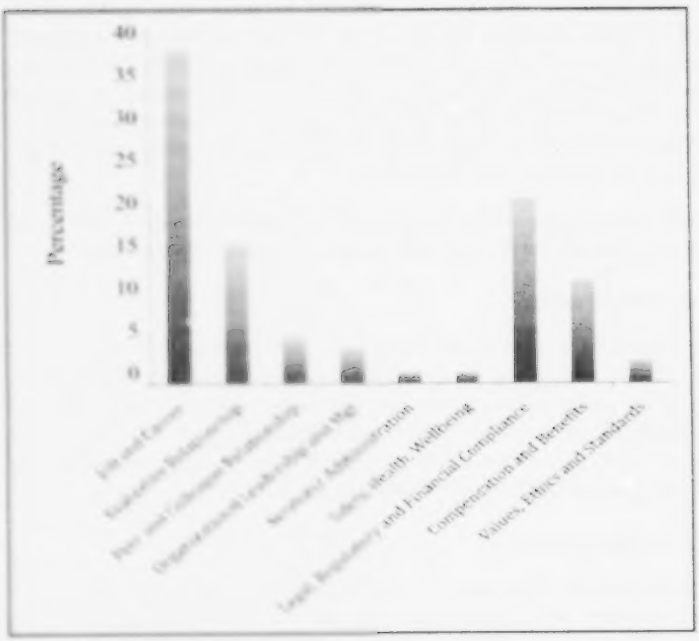
121. Mediation may be requested by one or all of the parties to a dispute, or referral for mediation may be made by the management evaluation units, the United Nations Dispute Tribunal, the United Nations Appeals Tribunal, the Office of Staff Legal Assistance or other similar offices. All requests for, or referrals to, mediation are reviewed by the Mediation Service to determine the suitability of the case for mediation.

122. Of the total number of cases opened during the reporting period, 24 (39 per cent) were requested by a party or parties to a dispute, 13 (21 per cent) were referred by the Dispute Tribunal and 10 (16 per cent) started as ombudsman cases and were subsequently mediated. The remaining cases (24 per cent) were referred by the Office of Staff Legal Assistance, the management evaluation units and other parts of the Organization. Where cases were not found suitable for mediation, they were referred for ombudsman services.

123. The fact that the largest source of cases is the clients themselves is the result of concerted outreach efforts by the Mediation Service to raise awareness about the process and its benefits, and is also due to the success of mediation proceedings. It is expected that future outreach efforts, quality of service and further decentralization will lead to an increase in case volume.

E. Types of issues

Figure XI
Types of issues handled by the Mediation Service



124. The category with the largest number of cases brought to the Mediation Service is job and career (38 per cent), which includes issues related to contractual status. The second largest category relates to legal, regulatory, financial and compliance matters (21 per cent). The evaluative relationships category is the third largest (16 per cent). A second tier of issues involves compensation and benefits (12 per cent), organizational leadership and management (4 per cent), services and administration (1 per cent), safety, health and well-being (1 per cent) and values, ethics and standards (3 per cent).

V. Future directions

1. Building credibility and conflict competence

125. The Office will continue to look for ways to promote a culture of conflict prevention and trust-building. In this context, the Secretariat, the funds and programmes and UNHCR plan to further strengthen their work in the area of training, outreach and advocacy. The Office's communication strategy will therefore focus on three priority areas: (a) promoting informal resolution, including mediation, as a safe first step for the resolution of workplace disputes; (b) partnering with senior management and other important stakeholders to encourage and facilitate the use of the informal conflict resolution mechanism; and (c) continued

advocacy of a culture of collaboration and conflict prevention as an essential component of organizational health.

2. Capacity-building in the field

126. The Office will work to increase its capacity to serve staff in the field, including in remote areas, building on the work already accomplished through timely and effective action on cases and enhancing relationships with stakeholders, both at Headquarters and in the various regions. The Office will continue to explore the possibility of establishing a new regional branch to provide in-person intervention and better access to the deep field, including special political missions, and identifying financial resources for this purpose.

127. The funds and programmes and UNHCR will continue to explore options to assess and expand their respective Respectful Workplace Adviser programmes.

3. Measuring effectiveness of services

128. The Office plans to evaluate its operations under the new system of administration of justice, which was launched in July 2009, and the effectiveness and impact of its newly created structure, which is integrated with the funds and programmes and UNHCR and geographically decentralized, with seven regional offices. The panel of experts is expected to identify lessons learned and formulate recommendations for improvement in overall service delivery.

4. Strengthening the Mediation Service

129. Efforts to consolidate the work already done will be pursued by the Mediation Service in terms of delivery and quality of service and outreach, particularly in the field, and enhancing partnerships with stakeholders in the United Nations system, as well as with external professional organizations. The Division will also examine best practices and lessons learned in its first year of operation in order to strengthen service delivery. It will also further develop its roster of on-call mediators and work with relevant stakeholders to review the appropriateness of mandatory suspension of filing timelines while informal dispute resolution proceedings are taking place.

5. Contributing to the change management process

130. The Office of the Ombudsman and Mediation Services was invited to participate in the joint meeting of the Policy and Management Committees in May 2011 regarding the reform agenda. The Office is exploring ways of collaborating with the recently established change management team to assist in ongoing efforts to streamline and improve the efficiency of the Organization, including by sharing with the team the systemic trends and patterns it identifies.

VI. Resource requirements

131. Decentralization has presented the Office of the United Nations Ombudsman and Mediation Services with a tremendous opportunity for growth and improved efficiency, as initially envisioned by the Redesign Panel and later endorsed by the General Assembly. However, the overall provision of resources for the Office, which is one of the areas most critical to its operations and effectiveness, continues to pose

a major challenge. As described in the Secretary-General's last report on the activities of the Office (A/65/303), funding from the regular budget has continued to rely on its pre-expansion budget to cover operational needs, in particular for the regional branches and the Mediation Services. This has seriously hampered the Office's capacity to respond to the needs of staff in the field, as well as emerging crises that warrant in-person intervention.

132. The Office has proactively adopted a number of cost-saving measures[12] to deal with budget constraints during the reform implementation process, which began in January 2008. In doing so, the Office was cognizant of the financial climate in which Member States operate and the Secretary-General's call for all departments to deliver more within existing resources. Bearing in mind that the prevention of conflict is, in itself, a cost-saving measure for the Organization, the Office will continue to explore every opportunity for the efficient use of its existing budget allocations. Nevertheless, it must be noted that such efforts cannot fully offset the challenges posed by the management of a decentralized structure and the high demand for informal conflict resolution, which was noted by the General Assembly at its sixty-fifth session, particularly in the Secretariat, where the number of cases increased by 70 per cent from 2009 to 2010.[13]

133. In paragraphs 24 and 25 of its resolution 65/251, the General Assembly stressed the importance of ensuring access for all staff members to the new administration of justice system, including to the rapid response teams deployed by the Office of the Ombudsman to respond to crises, and requested the Secretary-General to address the limitations to response capacity in future budget proposals. The present section explains the rationale for the Office's requirements additional to those requested in the proposed programme budget for the biennium 2012-2013 (A/66/6, sect. 1) and the areas it has identified for adjustments to meet its present needs.

134. The Office of the Ombudsman in the Secretariat underwent a comprehensive review by an external panel in 2007. One of the panel's main conclusions was that the demand for services was likely to grow as the Office became better known and better understood. The challenge was to keep monitoring the capacity of the Office to ensure that it was sufficient to absorb and process the caseload and provide adequate and timely follow-up. Otherwise, there was a risk that the Office's image could deteriorate, and that cases that could have been handled by the Ombudsman might be diverted to the formal system, with its attendant costs and congestion, thus replicating conditions that existed before the creation of the post of Ombudsman. The same concerns remain valid today.

135. The regular budget requirements for the Office of the United Nations Ombudsman and Mediation Services are guided by four main principles:

(a) A needs assessment based on higher demand for services, taking into account experience gained since the establishment of the Office in 2002 and its decentralization in 2008;

(b) The provision of equal access to all staff, including in remote areas, and particularly those who serve in the deep field and harsh environments;

[12] See A/65/303, paras. 19-24.

[13] Resolution 65/251, para. 13.

(c) The encouragement of informal conflict resolution in line with the incentives identified in the Secretary-General's last report on the activities of the Office (A/65/303) and later endorsed by the General Assembly in paragraph 22 of its resolution 65/251. In this context, the General Assembly requested the inclusion of specific budget requirements in the programme budget to implement the incentives;

(d) The strengthening of the decentralized structure and the upgrade of the administrative capacity of the Office to manage its operations more effectively.

136. The Office's structure has changed significantly with the creation of seven regional branches, the Mediation Service and a pool of on-call ombudsmen and mediators. In the past two years, the Office has faced challenges in its day-to-day operations that affected the management of its financial and human resources. In its management letter dated 15 June 2010, the Board of Auditors noted that with decentralization, problems of daily management were likely to increase and would constitute a full-time occupation for an administrative officer who would provide consistency, coherence and coordination across the decentralized structure. Owing to its cross-cutting function, the Office is also increasingly involved in promoting conflict prevention and harmonious working conditions at Headquarters and in the field, which requires a substantial amount of coordination with the various stakeholders within the Organization. In order to fill these gaps and allow the United Nations Ombudsman and his or her staff to focus fully on their substantive functions and the resolution of workplace conflicts, it is proposed to establish two Professional posts that will provide the necessary support to the United Nations Ombudsman, the Director of the Office and the overall team.

137. Accordingly, it is proposed that the following two posts be established in the biennium 2012-2013:

(a) An Administrative Officer (P-4), who will assist the Director of the Office in managing and monitoring the human and financial resources of the Office and ensuring coherence and consistency in its standards and operations. This includes the administration of on-call ombudsmen and mediators and dealing with budgetary and financial issues for Headquarters and all its branches;

(b) A Special Assistant (P-4) to support the United Nations Ombudsman in strategic and operational planning as well as policy coordination and information management. It should be noted that all senior officials in the United Nations Secretariat have such pivotal support, which allows them to fully focus on their core responsibilities in providing strategic direction. The Special Assistant will support the United Nations Ombudsman and the Director in overseeing the day-to-day management of the immediate Office and coordinating inputs from the various components of the integrated structure, which would ensure a streamlined and coherent approach in the functioning of the overall operations. The incumbent will also support the United Nations Ombudsman in the processing and follow-up of high-risk cases and in interactions with senior counterparts, including in his or her work with intergovernmental bodies.

138. Travel resources in the amount of $180,000 for the biennium 2012-2013 are requested to enable the Office to resolve disputes through in-person intervention, to prevent issues from festering and affecting productivity and morale, and to prevent cases from proceeding to costly litigation. Such resources would also provide

opportunities to conduct additional activities such as conflict coaching and building conflict competence in duty stations with no ombudsman presence. The resources would also allow the regional ombudsmen to meet with staff in their immediate areas of responsibility and allow for regular visits to the regional commissions that currently have no ombudsman. Such a regular presence has been requested by management and staff repeatedly. In addition, the resources will be used to establish the critical ombudsman response team mechanism, which will allow for quick response and speedy resolution in unforeseen situations. As the informal system gained more recognition in 2010, the number of requests for immediate intervention by the United Nations ombudsmen or through on-call ombudsmen and mediators has increased significantly, and in several critical cases an ombudsman or a mediator team could not be dispatched because of the lack of travel resources. Lastly, the resources will allow the Office to hold an annual retreat for all staff of the Office to exchange best practices and lessons learned with a view to enhancing the overall operations of the Office.

139. Training resources in the amount of $150,000 are requested to cover training fees, associated travel and training-related conference fees for the staff of the Office of the Ombudsman and Mediation Services, including the regional branches. This would also allow them, in coordination with the Office of Human Resources Management, to deliver training modules on conflict management in their area of responsibility to build conflict competence. The Office of the United Nations Ombudsman and Mediation Services is increasingly requested to conduct such training sessions with groups of staff in collaborative conflict-handling as part of conflict prevention and building conflict awareness. This approach will increase the Office's capacity to enhance the conflict management ability of clients and other target groups, such as managers.

140. Accordingly, should the General Assembly agree with the above proposals, additional resource requirements in the amount of $918,400 (before recosting) would be considered in accordance with the provisions governing the contingency fund in accordance with the terms of Assembly resolutions 41/213 and 42/211. In this regard, it is recalled that the Assembly, in its resolution 65/262, approved a contingency fund for the biennium 2012-2013 in the amount of $40.5 million.

141. All new posts reflected in the present report are proposed to be established as from 1 January 2012. Given that the Advisory Committee on Administrative and Budgetary Questions, in paragraph 20 of its first report on the proposed programme budget for the biennium 2008-2009 (A/62/7), recommended that information on the delayed impact of posts should be reflected in any new proposals, the Assembly may wish to note that the additional requirements for the full costing of the proposed two new posts in the biennium 2014-2015 are currently estimated at $352,400: under section 1, Overall policymaking, direction and coordination, $306,000, and under section 37, Staff assessment, $46,400, to be offset by an equivalent amount under income section 1, Income from staff assessment.

VII. Action to be taken by the General Assembly

142. **Accordingly, should the General Assembly approve the proposals contained in the present report for additional resources, it may wish:**

(a) To approve the establishment of two new P-4 posts effective 1 January 2012 under the proposed programme budget for the biennium 2012-2013;

(b) To appropriate a total amount of $918,400 (before recosting) under the proposed programme budget for the biennium 2012-2013, comprising increases under section 1, Overall policymaking, direction and coordination ($725,400); section 29D, Office of Central Support Services ($135,800); and section 37, Staff assessment ($57,200), to be offset by a corresponding amount under income section 1, Income from staff assessment. The provision would represent a charge against the contingency fund.

143. **The Office of the United Nations Ombudsman and Mediation Services looks forward to the General Assembly's favourable consideration of its additional resource requirements and its continued support for informal resolution as a key first step in the resolution of workplace disputes, including system-wide and speedy implementation of incentives to encourage the usage of informal resolution.**